A CATALYST FOR CHANGE

Implications, Risks and Opportunities of Brexit for Cornwall and the Isles of Scilly

CloS Futures Group
January 2017
Global shock as Britain quits EU

- Britain votes to leave EU in stunning blow to EU
- Sterling suffers sharpest fall since 2008 financial crisis
- Pressure on PM to quit despite support from EU
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Please note that ‘Cornwall and the Isles of Scilly’ is abbreviated in this document to ‘CloS’

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What struck me from the findings of the roundtables is that many participants saw Brexit not as a cause of change, but as a catalyst – a catalyst that gives us fresh impetus to deliver changes that we had already been proposing in order to fulfil our long-term ambitions to create a more sustainable and prosperous CIoS with strong and resilient communities.
FOREWORD

This report represents the start of the conversation across CloS that continues to gather momentum on our region’s future after the UK leaves the EU.

Brexit is an unprecedented event, and the impact it will have on our lives is largely unknown at this stage. Through a series of roundtables and discussions, the CloS Futures Group has sought out the views of local businesses, sector representatives and policy practitioners on the potential implications of Brexit for some of CloS’ key sectors. I am pleased to present the findings from the roundtables and discussions in this report, which will inform further work on preparing CloS for Brexit.

The report clearly illustrates that there is much work ahead of us in order to make the most of the potential opportunities and to mitigate the potential risks of Brexit for CloS. Some of this work is already underway, particularly around the feasibility of repatriating some EU regulations to the local government level and the development of a greater insight into whether there are clear indicators of growing levels of dissatisfaction and lack of cohesion in our communities. The CloS Futures Group has also undertaken some initial engagement with politicians, partners, stakeholders, local community representatives and businesses on the potential impact of Brexit, and discussion will continue over the coming months and years as the Brexit negotiations progress.

The work of the CloS Futures Group does not exist in isolation, as the CloS LEP and Community Safety Partnership have also carried out studies to explore the impact of Brexit on businesses and communities respectively. The Cornwall Brussels Office is also continuing to liaise with EU institutions to influence European policy-making to help CloS businesses compete with EU counterparts after the UK leaves.

It will be several years before the UK leaves the EU and, in the meantime, CloS will continue to receive European Regional Development, Social, Rural Development and Fisheries funding up to the point where the UK leaves, which is currently expected to happen by spring 2019. This funding is still actively being invested in projects to grow our region’s economy and lay the foundations of growth.

What struck me from the findings of the roundtables is that many participants saw Brexit not as a cause of change, but as a catalyst – a catalyst that gives us fresh impetus to deliver changes that we had already been proposing in order to fulfil our long-term ambitions to create a more sustainable and prosperous CloS with strong and resilient communities. In this light, I urge all areas of society in CloS to take part in a truly collective endeavour and join in the conversation to determine our region’s successful post-Brexit future.

Kate Kennally, 
Chair of the CloS Futures Group
ABOUT THE CIoS FUTURES GROUP AND THE PROGRAMME OF ROUNDTABLES/ DISCUSSIONS

The CIoS Futures Group, comprising senior figures representing a number of key sectors in CIoS, was established following the Cornwall Brexit Summit on 15 July 2016 to address the action points identified by the Summit. (see Appendix 1 for the Futures Group’s membership)

The Futures Group has since played an active role in helping to shape a post-Brexit economic investment proposal for the CIoS region, leading a discussion on the impact of Brexit on community cohesion in Cornwall, and engaging with the Local Government Association (LGA) on the impact of Brexit on ‘place’ in the South-West.

A key action identified at the July Summit was the need to gain greater insight into the potential impact of Brexit on key policy areas in CIoS. With that objective in mind, the Futures Group held a programme of roundtable discussions in November and December 2016. These roundtables gathered the views of local businesses and policy practitioners on the potential implications of Brexit for a number of CIoS’ key sectors (see Appendices 2 & 3 for a list of participants). These are some of the most important sectors to CIoS’ economy: data portraits on the sectors can be found in Appendix 4. Following the roundtables, summaries of the discussions were approved by participants and can be found in this report in the order in which the roundtables took place. This report forms part of the evidence base to help inform thinking and is an early contribution to local, regional, and national conversations about CIoS’ place in a new global landscape.

The Futures Group was keen to utilise existing forums and groups where possible to host these early Brexit discussions: the Cornwall Chamber of Commerce hosted a discussion and the Cornwall Executive Group, representing public sector leaders from across Cornwall, held a workshop. In order to ensure there was broad coverage of key themes and sectors, six additional roundtables were convened specifically for this programme. Further discussions are taking place covering an even broader set of themes than is reflected in this report, such as health, the HE sector, housing and international trade and export. The next phase in our collective thinking will be shaped by these wider conversations.

The roundtables and discussions were focused primarily on what participants identified as immediate risks and opportunities based on the information that is currently publicly available, and so this report reflects some collective thinking at this point in time. One of the underlying threads throughout the roundtables was the future of economic funding and there was concern that possible future funding criteria (based on value for money or outputs, rather than economic need) could have a detrimental impact on the economy as we struggle to compete with urban areas. However, this report is by no means conclusive. Strong concerns were
expressed by participants over the potential impact of Brexit on key areas for CIoS such as EU environmental regulations, but as it is still unknown which EU regulations the UK Government intends to retain, scrap or amend after the regulations have entered UK law post-Brexit via the proposed Great Repeal Bill, such concerns were not addressed in detail during this initial programme of Brexit roundtables and discussions.

The Futures Group recognises that collective understanding of the implications of Brexit will change as the Brexit negotiations progress and more information on the negotiating objectives of the UK Government and the other 27 EU Member States becomes available. The Group undertook initially to focus on a small number of CIoS’ key sectors and policy areas, with other key sectors to be involved as this work evolves. This is to acknowledge that whilst this piece of work represents a thorough examination of immediate issues, there are still areas that warrant further analysis. Some examples are: the implications of Brexit on the environment; the impact upon our transport and infrastructure; and the repatriation of EU regulations to the local government level. On this last point, Cornwall Council is undertaking a project with the LGA to understand what the implications of Brexit might be for the local regulatory landscape.

A follow-up Brexit Summit will take place in February 2017 and determine the next steps for the Futures Group’s work programme to help CIoS prepare for Brexit.

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TOURISM, CULTURE
AND HERITAGE

Key discussion topics in the Tourism, Culture and Heritage roundtable

1. The implications of Brexit for EU nationals in CloS: workforce, tourists and talent

Participants highlighted their concerns over the implications of Brexit for EU nationals working in the hospitality and tourism industries in particular.

Some participants spoke of the difficulties they have faced to recruit local people to take on seasonal work and expressed concern that a policy to limit the number of EU nationals entering the UK would have a negative impact on their ability to staff their businesses and deliver a premium product. They also discussed the insecurity that EU nationals currently working in their organisations are feeling about their status in the UK as a result of Brexit.

Although it was recognised that smaller tourism businesses might not be as directly affected by a limit on the number of EU nationals entering the UK, participants emphasised that there could be a knock-on effect if a reduced labour market meant that the CloS hospitality and tourism industries as a whole did not have sufficient capacity to capitalise on the opportunity presented by Brexit to attract more UK residents to CloS on ‘staycations.’

See Appendix 4 for a data portrait of this sector.
Participants voiced their concerns that an immigration policy based on skills levels might consider tourism jobs to be ‘low level’

It was agreed that the CloS tourism offer is a premium, high level product that must be supported by a high level of skills from its workforce. Participants voiced their concerns that an immigration policy based on skills levels might consider tourism jobs to be ‘low level’ and therefore subject tourism workers to more controls compared to other sectors.

Participants agreed that free or ‘easy’ movement of people would be the favoured post-Brexit option of CloS’ tourism, culture and heritage sectors. Seasonal, temporary and fixed-term work permits were mentioned as a possible mitigating action (in the event of restrictions being imposed on employing ‘lower-skilled’ workers) to ensure that CloS would continue to attract skilled EU nationals to support its hospitality and tourism industries.

It was also recommended that Brexit could provide an opportunity to improve the UK’s visa system for emerging markets. Participants suggested that making the visa system more flexible and easier to use would allow CloS to be seen as ‘open for business’ for tourists, talent and other figures who are keen to visit and work with organisations in CloS.

Participants discussed at length whether Brexit could serve as an opportunity to ‘reinvent’ the model of working in the tourism industry in order to retain existing staff and attract more young people to the industry. They agreed that young people have more career choice and different expectations for their careers than previous generations, highlighting in particular that young people become more engaged and motivated when they believe that they have a ‘stake’ in the company they work for. The need to create a more joined-up approach to education, training and working in the tourism and culture industries in CloS was also discussed as a means of aligning the broad sector with cross-sector opportunities.
2. The implications of Brexit for EU funding sources, markets and cultural links in CIoS

Participants expressed concern that there have been mixed messages from the Government about the future of European funding streams and the possibility of Cornwall bidding to become European Capital of Culture in 2023. They agreed that Brexit could provide an opportunity for a new domestic funding programme to be established that is easier to use than the current system of EU funding, but concern was expressed that access to a domestic funding programme might not be possible if CIoS does not have a directly elected mayor.

It was noted that Cornwall’s industrial heritage has resulted in ties between Cornwall and a number of countries across the world (including Latin America). Participants suggested that these ties and CIoS’ highly positive, internationally recognised reputation as a tourist destination could help the Government to develop relationships in countries with which the Government would like to arrange a trade deal after the UK leaves the EU.

Participants discussed using the ‘Cornishness’ brand as an economic driver and emphasising Cornwall’s brand in terms of ‘boutique’ and ‘edge’ to make CIoS stand out in a world of ‘large corporates’.

Participants underlined that all residents across CIoS would need to be engaged in developing a positive message about CIoS’ brand and creating a welcoming atmosphere to encourage people to visit CIoS.

3. The implications of Brexit for environmental standards and the potential impact on tourism, culture and heritage

Participants agreed that the Government must retain important EU directives such as the Bathing Water Directive as the protection of the natural environment is essential to tourism, culture and heritage in CIoS. As EU directives will continue to remain part of UK law in the medium term if the Great Repeal Bill is passed through Parliament, participants suggested that the more immediate, short-term concern is the impact that cuts to local government budgets are having on CIoS’ budget for environmental strategy and services.

The possibility of using alternative funding sources to help CIoS safeguard its natural environment, such as a post-Brexit reform to VAT rules, regulations and rates as well as voluntary contributions from second home owners, was discussed.

Participants discussed using the ‘Cornishness’ brand as an economic driver
Key risks and opportunities identified by the Futures Group following the roundtable

Key Risks for CloS:

- Limits to EU nationals working in the UK would have a negative impact on many businesses in CloS’ tourism, culture and heritage sectors and potentially have a knock-on effect on CloS’ capacity to welcome more ‘staycationers’ after the UK leaves the EU.
- Uncertainty over the extent to which CloS will be able to access domestic funding programmes established after the UK leaves the EU.
- Any attempts to weaken bathing water quality standards in the UK after Brexit would have a negative impact on tourism in CloS.

Key Opportunities for CloS:

- CloS can make the most of its international links and reputation to help CloS and the UK build successful relationships with countries across the world after Brexit.
- Encourage the Government to reform the visa system to make it easier to attract visitors and talent from across the world to CloS.
- Consider reforms to VAT so that CloS’ visitor economy can contribute to the conservation of CloS’ natural environment.
- Explore how to attract more young people to work in the tourism, culture and heritage sectors – such as by developing closer links between education & training providers and businesses and creating opportunities for young people to have a ‘stake’ in the business they work for.
THE COMMON AGRICULTURAL POLICY
(Agriculture, Horticulture, Forestry, Rural Development and the Environment)

Key discussion topics in the Common Agricultural Policy roundtable:

1. Moving from the Common Agricultural Policy (CAP) to the British Agricultural Policy (BAP)

Participants emphasised that the current CAP is not fit for purpose. They agreed that the current CAP is complex, expensive to deliver, slow to deliver and difficult to access, and whilst it has delivered positive benefits for many businesses it has failed to achieve the necessary overall productivity improvements at business level nor the environmental outcomes required in CIoS.

They also agreed that any future BAP must be a new, ambitious policy and not a mere duplication or evolution of the current CAP. They discussed the need for the delivery of the BAP to be simple and focused on outcomes rather than outputs, which would help to bring down the cost of delivery to the taxpayer and businesses involved in the BAP.

There was a clear preference for a more evidence-based, holistic programme to be designed as part of the BAP to deliver both productivity and environmental improvements at business, catchment and wider landscape levels in CIoS rather than the current either/or approach. Participants agreed that they would like to see a move towards a more ‘integrated land use’ approach to delivery in CIoS, and indicated that they would be interested in exploring whether some elements of this delivery under the BAP could be devolved to

- Over the Convergence period (2007-2013) the value of CAP/ Rural Development Programme England funding in CIoS was estimated to be £450 million.
- In the Growth Programme (2014 to 2020) the estimated value of CAP payments to CIoS is estimated to be circa £140 million.
- The Agri-food sector makes up 6% of CIoS’ GVA (compared to 3% nationally).
- 6,970 people were employed in agriculture, forestry and fishing, and 6,450 were employed in food processing (Census 2011 figures). There is no available data on how many of these are EU nationals.
- The latest Defra agricultural census gave a total of 10,700 in the agricultural sector.
- Agriculture sector: GVA £224 million, 2.3% of the economy.

See Appendix 4 for a data portrait of this sector.
CloS level. There was also a discussion on the future of support payments under the BAP and agreement that a mixture of payments, grants, loans and other forms of business support should be made available for use at a local level.

As part of a new and ambitious BAP, participants suggested that press and strategic discussions on the move from the CAP to the BAP should send a clear signal that CloS aspires to move to a position where on average CAP/BAP payments (in all their forms) represent less than 15% of total business income, but it was recognised that securing an increase in the market value of goods and services provided by the agri-food sector (including ecosystem services) would be required to achieve this rather than a simple reduction in payment levels. There was a discussion on the productivity improvements that would be required at a business level to achieve this aspiration and recognition that the provision of superfast reliable broadband to rural areas should be seen as a priority to help drive productivity and growth among CloS’ rural businesses.

Participants underlined that it would be crucial to have the post-Brexit market structure (trade regime) in place before the BAP is finalised as the focus of the BAP could change depending on the nature of the trade agreement(s) in place.

It was also highlighted that moving from the CAP to the BAP could potentially see increased ‘volatility’ in terms of the policy regime as the BAP would be subject to 4/5-year UK political cycles (the likelihood of such volatility is reduced for the CAP due to the ‘consensus’ approach adopted across all 27 EU Member States) and this volatility could result in difficulties making long-term investment decisions.

Participants agreed that CloS must continue to pay attention to reviews of the CAP undertaken while the UK is a member of the EU. They pointed out that, when the UK leaves the EU, the CAP will be in place for the remaining EU Member States and therefore it will be important for CloS (through the UK Government) to seek to influence the next round of the CAP and understand its detail in order to help agri-food businesses in CloS compete with their CAP-supported counterparts in the EU post-Brexit.
2. The potential risks of Brexit (and the move from the CAP to the BAP) for the wider rural community

Participants emphasised that the value of the agri-food sector to the wider rural economy should not be underestimated, highlighting that any reduction in the spending power of farming, land management and food businesses would lead to a corresponding reduction in employment and the purchase of other goods and services in the supply chain. They expressed concern that the importance of the agri-food sector to the economy of CIoS in particular would mean that a reduction in spending power would have a disproportionate impact compared to many other areas of England, and they suggested that the BAP would need to enable sub-regional targeting to accommodate this.

They underlined that the ability to source labour from outside the UK is critical to the future performance of the agri-food sector, particularly given that the sector’s workforce in CIoS is ageing and succession rates are low. There was a discussion on whether a form of ‘key sector’ workers scheme could be developed if restrictions are imposed on the free movement of labour between the UK and EU.

Participants also expressed concern that the move from the CAP to the BAP would see significant challenges for businesses for which CAP payments represent the majority of their income, noting that these in turn could create many social challenges (as seen in New Zealand when they moved from a supported to an unsupported sector). They called for the BAP to include structures and schemes to help mitigate the social impact of the change in policy.

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There was also concern that rising food prices as a consequence of Brexit could see the media publish negative comments about the agri-food sector. Participants agreed that Brexit could provide an opportunity to raise public awareness via the media of where food comes from and why a price is paid for food.

3. The potential opportunities of Brexit to target domestic and international markets

Participants agreed that the BAP needs to target the UK’s internal market as much as encouraging exports. They said that an improved strategy to capture the opportunities presented by the domestic market would help to reduce the UK’s need for imported produce and thereby enhance the UK’s food security and self-sufficiency.

They suggested that Brexit could also provide opportunities for public procurement in the UK to prioritise local produce and for CIoS to develop its own recognisable brand to target domestic and international markets.
Key Risks and Opportunities identified by the Futures Group following the roundtable

Key Risks for CloS:

- Uncertainty over the nature of the future trade agreement between the UK and the EU (and future trade agreements between the UK and other countries such as the USA) could affect attempts to make the BAP a new and ambitious policy rather than a mere replacement for the CAP.
- Restrictions on the free movement of labour between the UK and EU could have negative implications for the agri-food sector in CloS and hamper CloS’ aim to enhance productivity in the sector.
- Moving from the CAP to the BAP could potentially see an increased “volatility” of the policy regime as it will be subject to UK political cycles.
- Any change from the CAP to the BAP could result in social challenges for people working in businesses where CAP payments represent the majority of business income, especially in the transition period post-Brexit.
- Given the importance of the agri-food sector to the economy of CloS (6% of GVA compared to 3% nationally), a reduction in the spending power of farming and food businesses could see a similar reduction in employment, input purchases and the purchases of other goods and services.

Key Opportunities for CloS:

- The move from the CAP to the BAP gives the UK an outstanding opportunity to design and deliver a more ambitious, simple, holistic, economic, environment and outcomes focused agricultural policy.
- Use Brexit and the move from the CAP to the BAP as a catalyst to drive productivity and growth among businesses involved in the CAP/BAP in CloS so that CAP/BAP payments represent less than 15% of total business income in the long term.
- Promote CloS produce more effectively in domestic and international markets via the BAP and by using the values that underpin the CloS brand to drive increased market outlets.
- Initiate an important debate in CloS on integrated land use (considering agriculture/horticulture, forestry, diversification and the wider ecosystem).
- Increasing the value of local supply chains provides an opportunity for the sector, especially if a free trade agreement cannot be reached.
ENERGY AND CLIMATE

- The energy sector is worth £102m per year in CIoS (2015 GVA figure) - not including vehicle fuel.
- Cornwall is generating the equivalent of approximately 32% of its annual electricity consumption and 10% of its annual total energy consumption from renewables in Cornwall - although many of the generation facilities are owned outside of Cornwall.
- Renewable energy is an investment priority for the CIoS Local Enterprise Partnership.
- Cornwall Council undertakes a wide range of research on reducing fuel poverty and improving winter warmth.
- CIoS are in the top 3 local government areas for homes without central heating.
- 14.4% of households in Cornwall and 22.4% of households in Isles of Scilly are affected by fuel poverty, compared to 10.4% nationally.
- 36,000 households (83,000 people) in CIoS experience poor health due to a lack of warmth.
- The main method of transport used to travel to work in Cornwall is by car or van (Census 2011).

See Appendix 4 for a data portrait of this sector.

Key discussion topics in the Energy and Climate roundtable:

1. The implications of Brexit for the CIoS energy sector

Participants highlighted that Brexit should be seen as a catalyst to drive forward the improvements that the CIoS energy sector had already been pressing for in order to maintain CIoS’ status as a national leader in renewable energy production.

They agreed that Brexit provides an opportunity for the CIoS energy sector to come together, articulate its achievements and future ambitions clearly, and make the case to the UK Government for further devolution and investment to Cornwall so that renewable energy production can be driven more effectively by the private and third sectors.

Participants suggested that further devolution and investment by the Government in Cornwall’s energy sector would give confidence and certainty to potential investors that the Government is committed to supporting renewable energy production for the long term post-Brexit and therefore create additional investment opportunities for the sector in CIoS. They emphasised that the message should continue to be sent out by CIoS to members of the public and investors that CIoS is still using EU funding to make significant investments in low carbon energy projects.
Participants agreed that national schemes, including the UK Government’s forthcoming industrial strategy, represent a significant opportunity for CIoS to enhance its existing strengths in renewable energy production, create new skills and employment opportunities and boost the local economy. Participants were keen for a low carbon enterprise zone to be established in CIoS as part of the industrial strategy and devolution agendas.

Participants noted the current constraints on CIoS’ ability to add more renewable energy capacity to the national grid and agreed that these constraints have led to missed opportunities in terms of developing community energy generation projects in CIoS. They suggested that Brexit could offer an opportunity for discussions on making access to the national grid easier so that CIoS can become more self-sufficient in terms of low carbon energy generation and usage and also contribute to maintaining the UK’s energy security.

They also noted that CIoS is well regarded in Europe as a low carbon energy producer and highlighted that there will be a need to ensure that relationships between CIoS and Brussels are maintained after the UK leaves the EU. They agreed that it would be easier to maintain these relationships if the UK remains in the EU’s internal energy market, particularly as certain forms of renewable energy in which CIoS excels (such as tidal and wave energy) are “very exportable.”

2. The implications of Brexit for low carbon housing and transport in CIoS

Participants discussed Exeter City Council’s scheme to develop new social housing to energy efficient ‘Passivhaus’ standard and agreed that CIoS should adopt the same approach to new-build social housing. They highlighted that Exeter’s scheme has helped social housing tenants to pay rent by reducing energy bills while also resulting in tenants reporting fewer health problems, which has reduced pressure on health and social care services.

They expressed concern that there is a skills gap in the CIoS construction industry that would make it difficult to deliver Passivhaus-standard housing locally. They emphasised that new housing must be designed and built to the best standards as energy costs in the home tend to rise when energy efficiency measures are not implemented properly.

Participants suggested that the UK Government could consider investing in a retrofit scheme to make the existing housing stock more energy efficient and homeowners and tenants more self-sufficient in terms of energy generation, storage and management. They highlighted schemes where equipment could be financed from the energy savings derived over the life of the equipment and emphasised how important such efficiency schemes would be to address fuel poverty, deliver significant health benefits, develop skilled labour and meet carbon reduction targets and energy costs (as well as increase VAT income for the Government). They agreed that energy efficiency schemes must continue to be accompanied by efforts to raise
awareness among the public about the need to reduce demand for energy and manage energy usage and bills.

Participants emphasised that low carbon transport is a fast-growing industry that presents “massive” opportunities for CIoS, particularly as some parts of CIoS such as Truro have high levels of air pollution. They agreed that it would be beneficial to rural areas such as CIoS to work with the UK Government to pilot electric vehicle transport schemes because urban areas such as London are already well served by transport links.

3. The implications of Brexit for UK climate policy

Participants expressed strong concern that climate policy could fall down the list of the UK Government’s priorities during the period of Brexit negotiations with the EU and beyond. They recognised that the Government has ratified the Paris Agreement and underlined its commitment to the Climate Change Act 2008, but they urged the Government to ensure that the targets set out in both these agreements are met in full and on time.

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Key Risks and Opportunities identified by the Futures Group following the roundtable

**Key Risks for CIoS:**
- There is concern that climate policy could drop down the list of the UK Government’s priorities during the Brexit negotiations period and beyond.
- Uncertainty surrounding the UK Government’s priorities for climate action and low carbon energy production could discourage potential investors from investing in CIoS’ renewable energy sector.

**Key Opportunities for CIoS:**
- Develop energy efficient housing and low carbon transport schemes in CIoS to boost the local economy and relieve pressure on health services.
- Become more involved in national schemes, such as the UK Government’s industrial strategy, to build on the existing strengths of the renewable energy sector in CIoS.
- Explore opportunities for further devolution on energy to Cornwall so that energy production can be driven more effectively by the private and third sectors.
- Explore opportunities to enable easier access to the national grid for CIoS energy companies and community energy projects.
THE COMMON FISHERIES POLICY

- Cornwall has a total of 32 ports that the Marine Management Organisation (MMO) recognised as ‘Landing Ports’ in 2014 and an additional 14 sites where fish are known to be landed.
- The UK has been allocated €243.1m from the European Maritime and Fisheries Fund for 2014-2020.
- The value of fish landed in Cornwall was £35m (2014), up from £28m in 2011.
- When seafood processing is factored in then the combined value of fishing and fish processing is between £50m and £100m.
- 6,970 people were employed in agriculture, forestry and fishing, and 6,450 were employed in food processing (Census 2011 figures).
- Newlyn is one of the largest fishing ports in the UK with as many as 40 species landed on any one day.
- Newlyn is the Administrative Port of nearly all of the Cornish fleet and has the largest number of boats (553) of any of the Administrative Ports in the UK.

See Appendix 4 for a data portrait of this sector.

Key discussion topics in the Common Fisheries Policy roundtable

1. The implications of Brexit for fisheries management

Participants agreed that the initial key points and principles that the UK Government should focus on delivering for the CloS fisheries industry in the Brexit negotiations are: access to fishing grounds up to 200 miles from the coast, with UK vessels having sole access to grounds 0-12 miles from the coast; a better and fairer share of resources in the UK’s waters; and continued access to European markets.

They discussed whether the current system of enforcement for within 6 miles of the shoreline and outside 6 miles could be replaced by one management organisation or by regional bodies under a post-Brexit fisheries regime. They noted that the organisation(s) would have to be responsible for the delivery of research as well as enforcement, but highlighted that it is difficult to understand what enforcement under a UK policy might involve at this stage when it is not known what the jurisdiction will be and what the UK will be responsible for.

Participants considered whether there could be a regional approach to technical measures as well as management under a post-Brexit regime. There was a discussion on whether or not fisheries might drop down the agenda if the South West Marine Plan structure took on responsibility for the management of the industry after Brexit. Participants agreed that the UK would probably not be part of the
Regional Advisory Council (RAC) network post-Brexit, but that it would be in the UK’s interest to observe the RACs’ activities.

There was a discussion on re-designating the under-10 metre sector of vessels as an inshore sector. Participants agreed that this issue is a “long overdue” part of domestic fisheries management reform.

Participants highlighted that discussions on future fisheries management under a new regime would not just involve a review of Inshore Fisheries and Conservation Authorities (IFCAs) and the functions and remit of the Marine Management Organisation (MMO), but also a review of domestic quota management. They emphasised that a new post-Brexit system should consider the sustainable management of both quota and non-quota species, but must not lead to worse access to quotas than is currently the case for the CIoS fisheries industry under the Common Fisheries Policy (CFP).

They expressed scepticism over the principle of the Repeal Bill to convert EU law into domestic law, suggesting that the Repeal Bill would not receive public support because people voted for change to happen immediately after the UK leaves the EU. They said that the CIoS fisheries industry will need to think about regulations that it wants to change under a post-Brexit regime, potentially including regulations to be negotiated nationally on access arrangements and sustainability.

There was uncertainty over the future for nature conservation measures, with participants noting that some Government figures have commented that the UK will not need to retain all of the conservation measures currently in force under the CFP. There was unanimous agreement among participants that fisheries activities and a protected marine environment are compatible, and the Government’s proposed reduction of the MMO’s budget by two-thirds was highlighted as a cause for concern.

They agreed that an element of shared stocks management would need to be included in a post-Brexit regime as Government figures have already indicated that the maximum sustainable yield policy will remain after the UK leaves the EU.
2. The implications of Brexit for markets

Participants agreed that free and unrestricted access to the European market would be best for the CloS fisheries industry, with as many tariff and non-tariff barriers removed as possible. They emphasised that the trade deal agreed by the UK Government with the EU must not put the industry at a disadvantage compared to EU competitors.

Participants also noted that some of the larger fisheries businesses in South-West England would struggle if restrictions on access to EU labour were imposed.

They expressed concern that the UK Government sees post-Brexit food security in terms of imports rather than as an opportunity to help the CloS fisheries industry to enhance its presence in the domestic market.

3. The implications of Brexit for funding

Participants called for clarity on the UK Government’s investment decisions and available funding for ports and harbours infrastructure. They suggested that CloS should be eligible for funding support from the UK Government if the area’s GDP remains low in comparison to the UK average after the UK leaves the EU.

They strongly emphasised that the CloS fisheries industry is eager to engage with politicians and officers at local and national levels of government to achieve the best possible deal for the local industry.

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Key Risks and Opportunities identified by the Futures Group following the roundtable

Key Risks for CloS:
- Uncertainty over the how the UK will obtain the best agreements with EU trading partners for the CloS fisheries industry.
- The CloS processing sector is currently reliant on EU labour.

Key Opportunities for CloS:
- Regional management would provide a more up-to-date model for scientific research and fisheries management in South-West England. A greater share of the Total Allowable Catches based on sound scientific evidence could promote growth in the CloS fleet and processing sectors and create jobs.
- Develop a new, bottom-up fisheries regime (including technical and conservation measures) that has the support of the CloS fisheries industry.
- Work with the Government to use Brexit as an opportunity to enhance the CloS fishing industry’s role in the UK food & drink market.
IMPLICATIONS RISKS AND OPPORTUNITIES OF BREXIT FOR CORNWALL AND THE ISLES OF SCILLY

INNOVATION, RESEARCH AND HIGHER EDUCATION

- Between 2002 and 2012 Falmouth University and the University of Exeter contributed £491 million to the economy of CIoS and £144 million to the UK Exchequer. Their contribution to CIoS’s Gross Domestic Product increased by almost 300% and the number of jobs supported by them increased by almost 200% during this period. The universities accounted for 1 in every 155 jobs in Cornwall.
- The level of investment in research and development (R&D) by businesses in CIoS is significantly lower than the UK average. R&D spend in CIoS in 2009 was 0.19% of GDP (compared to UK R&D spend of 1.85% of GDP).
- Falmouth University has 246 students from non-UK EU countries and 34 staff members from EEA Countries, not including the UK.
- The University of Exeter has 1763 students from non-UK EU countries studying across all disciplines and levels of study and 580 staff members from EEA Countries, not including the UK.
- There are currently more than 125,000 EU students in UK universities (5% of the overall student population).
- 14% of the UK’s PhD students are EU nationals, and 16% of academic staff working in the UK’s universities are EU nationals.

See Appendix 4 for a data portrait of this sector.

Key discussion topics in the Innovation, Research and Higher Education roundtable

1. The implications of Brexit for research and innovation in CIoS

Participants commented that the EU Referendum result has not had a significant impact on partnerships and research submissions in their organisations to date. However, they pointed out that bids for EU-funded projects that are currently being submitted by CIoS research organisations have been in preparation for two or three years, which means that the impact of Brexit on new research and innovation project bids and partnerships involving CIoS might not be felt until at least two or three years’ time.

Participants expressed strong concern over the potential loss of access to European research networks after the UK leaves the EU. They emphasised that research organisations must be open and outward-looking in order to promote collaboration and attract talent to CIoS, and that any restrictions on access to European research networks would in turn reduce the global standing of research organisations in CIoS and limit their ability to work with world-leading researchers.

They agreed that Brexit could offer an opportunity to enhance CIoS’ presence in other international research networks. They suggested that research and innovation organisations in CIoS could help the UK Government to identify potential opportunities for research links so that the Government can facilitate access to appropriate research.
networks. It was suggested that it might be useful to explore whether the Combined Universities in Cornwall (CUC) partnership could be used as a platform to reach out to collaborative arrangements in the USA and Asia.

Participants were also concerned about the potential loss of access to European funding for research and innovation projects, but discussed whether the UK Government would use Brexit as an opportunity to further develop its own existing research and innovation programmes where funding is awarded on the basis of excellence. They agreed that the UK Government’s industrial strategy could provide valuable support to CloS to continue to build on its existing strengths and specialisms (such as marine research).

Participants emphasised the need for leaders in CloS to send out messages to give confidence to academic institutions, businesses and potential investors both within and outside CloS that CloS has world-leading research facilities, is committed to fostering an environment that embraces innovation, and is continuing to invest significant amounts of EU funding in research and innovation projects.

CloS has world-leading research facilities and is committed to fostering an environment that embraces innovation

2. The implications of Brexit for academic and research staff in CloS

Participants reported that there has been an increase in applications for jobs from EU nationals since the EU referendum vote, but that if EU nationals felt unable to stay in the UK, it would have a major impact on staff numbers in higher education (HE) and research institutions in CloS.

Participants agreed that it would be crucial to retain as much free movement of EU labour as possible. They emphasised that free movement of labour is not just about recruitment, but also about academic collaboration for projects, knowledge exchange and attracting promising researchers to CloS on short-term research contracts. They also suggested that the Government could consider simplifying the system for visa applications after the UK leaves the EU so that highly talented labour from other parts of the world can be attracted to work in CloS. They agreed that the UK Government should see the movement of highly-qualified academic and research staff to and from the UK as a separate issue to immigration in general and urged the Government to resolve this issue at the earliest opportunity.

Participants discussed the status of EU nationals working as researchers in businesses in CloS and expressed concern that some of these researchers might not be receiving the same level of support and reassurances that universities are providing their own staff. They discussed building networks between HE and non-HE researchers in CloS and proposed to explore whether the support mechanisms that
will be available to international students and staff in Penryn could also be made available to non-HE researchers in CIoS.

Participants pointed out that there are areas of academic work (particularly STEM subjects) where many staff are from overseas and therefore restrictions on the movement of labour of skilled staff could have an impact on the ability of HE institutions based in Cornwall to run courses that train the next generation in key skills. They also highlighted that the skills required to develop smart specialisation projects are in short supply in CIoS, and that it will be necessary for people with these skills to be allowed to move to CIoS to work so that CIoS can capitalise on smart specialisation opportunities while arrangements are put in place to train local people.

3. The implications of Brexit for students in CIoS

Participants expressed concern that the UK Government’s late confirmation of the fees regime and student loan provision for EU nationals starting courses in 2018/19 could have an immediate and negative impact on application numbers as HE institutions are currently approaching the period where open days and prospectuses for 2018/19 intake are being prepared.

They emphasised that studying with overseas students (including EU nationals) opens the minds of UK students to different customs and cultures, which serves both UK and other international students well in their future careers. They agreed that overseas students develop a long-lasting good regard for the UK from their positive experience at university, which makes them more likely to return to their university location on visits and advise others to come too for research and study. They also highlighted that overseas students have a significant amount of purchasing power that boosts the local economy. There was concern that EU nationals could look at HE institutions outside the UK if their post-Brexit status as international students causes their UK fees to double and forces them to go through a complicated visa system.

Participants discussed exploring the online courses market more as a possible means to attract overseas students to HE institutions without the need for them to apply for visas, although it was recognised that delivering such courses requires a significant initial investment.

On Erasmus+, participants agreed that it would be beneficial to UK and overseas students for the UK to continue to take part in the scheme, but highlighted that there could be an opportunity for universities based in Cornwall to develop their own inter-organisational arrangements if access to Erasmus+ becomes limited post-Brexit.

Participants agreed that EU investment in colleges in Cornwall has played an important role in promoting access to higher education and influencing lives. They were keen to explore the idea of Cornwall using Brexit as an opportunity to obtain more local control over pre-adult education and training as part of any new devolution package agreed with the UK Government.
Key risks and opportunities identified by the Futures Group following the roundtable

Key Risks for CIoS

- Limits to EU nationals working and studying in the UK would have a negative impact on the ability of HE and research organisations in CIoS to attract highly-skilled staff and talent, collaborate with world-leading researchers, and develop and deliver cutting-edge innovation projects.
- Limits on access to European research networks and research and innovation funding programmes could affect the global standing and quality of research/output of CIoS HE and research organisations.

Key Opportunities for CIoS

- Explore opportunities for CIoS HE and research organisations to enhance their presence in research networks outside the EU.
- Propose to the UK Government how the visa system could be simplified so that highly-skilled labour and students from all parts of the world can be attracted to work and study CIoS.
- Develop closer links between researchers in the HE and non-HE sectors in CIoS.
- Explore opportunities to expand CIoS HE institutions’ presence in the online courses market.
EMPLOYMENT AND SKILLS

• The proportion of people in CIoS with no qualifications is now below the national average and 47,800 working age people only have Level 1 qualifications – this is highly correlated with low skills, low paid and insecure employment.

• There are 19,200 working age people without any qualifications at all in CIoS, 69,200 people are economically inactive and 15,100 are unemployed.

• A significant mechanism for delivering the employment and skills agenda locally is the European Social Fund (ESF), part of the European Structural and Investment Funds (ESIF) Growth Programme for England (2014-2020).

• A substantial component of UK employment law is grounded in EU law, including: annual leave, agency worker rights, part-time and fixed term worker rights, health and safety obligations, paternity, maternity and parental leave and anti-discrimination legislation.

• Agriculture and tourism are particularly reliant upon seasonal workforce, with demand for skills peaking during certain times of the year.

See Appendix 4 for a data portrait of this area.

Key discussion topics in the Employment and Skills roundtable

1. The implications of Brexit for recruitment and the future of EU nationals working in CIoS

Participants highlighted tourism, agriculture and care as the three sectors that would be the most negatively impacted in CIoS if limits were introduced on the free movement of labour between the EU and the UK after Brexit. They noted that the tourism, agriculture and care sectors are particularly characterised by part-time, low-paid jobs requiring “niche” skills and that employers in the three sectors would struggle to fill these critical positions in CIoS if their ability to recruit from the EU labour market were restricted.

Participants discussed examples where businesses in other key sectors in CIoS such as ICT have made considerable efforts to recruit and train workers from the UK while also seeking to recruit overseas workers who already have the skills to help the businesses meet their day-to-day demands. They discussed examples where businesses in CIoS have experienced difficulties recruiting workers from outside the EU because of the administrative burdens involved in obtaining visas. They expressed concern that the introduction of a visa system for EU nationals to work in the UK after Brexit would have negative implications for CIoS’ ICT, construction, engineering and higher education sectors as well as tourism, agriculture and care.
They agreed that the potential for a recruitment crisis in CIoS post-Brexit is particularly acute as CIoS has an ageing workforce and local demand for services in key sectors such as care is rising exponentially as the region’s population is growing and ageing. They also noted that employers in CIoS have experienced difficulties recruiting workers for high-level (management and technical) positions in recent years as well as low-wage positions.

Participants highlighted that work is already ongoing in CIoS to join up services to support people furthest from the jobs market and engage with businesses to encourage them to employ more people with disabilities and invest in skills. They suggested that a potential shortage of labour after Brexit could make the jobs market more of an ‘employees’ market’ and businesses in CIoS could have to raise wages to compete for skilled labour (although it was noted that SMEs could struggle to compete with larger companies that can offer higher wages). They discussed the need for certain sectors to develop a strategy on career progression so that young people entering the sectors on a low wage can see that there is potential for them to earn a higher wage if they stay and train in the sectors over a number of years.

2. The implications of Brexit for skills provision and funding in CIoS

Participants emphasised that CIoS is heavily reliant on EU funding for skills and training provision and underlined that there would be highly negative implications for the region’s economy and communities who are ‘just about managing’ if skills funding were not replaced after the UK leaves the EU.

They expressed concern over the negative impact that the loss of public funding for skills could have on CIoS’ voluntary sector, particularly as the sector could be required to take on some care responsibilities if Brexit leads to recruitment challenges for care services.

They agreed that CIoS’ message to the UK Government should be to continue support for employment and skills programmes in the short to medium term so that programmes can be funded through private investment in the longer term. They suggested that this would give businesses in CIoS time to recognise that they need to create their own internal skills budgets rather than rely on EU-funded schemes to train their staff.

Other suggestions from participants to support skills in CIoS after Brexit included: using some of the money that CIoS’ tourism services contribute to the UK Government’s VAT income to invest in local skills programmes; ensuring that the development of workspace is linked to housing schemes (as outlined in the Cornwall Local Plan); and investing in retrofitting schemes to make housing in less prosperous communities more energy efficient and encourage occupants to spend their energy bill savings on courses to improve their skills.
They agreed that work needs to be undertaken now to build CIoS’ case to the UK Government on which schemes and projects CIoS wants to run

Participants highlighted that Erasmus+ has helped young people in CIoS to work in Europe and bring their knowledge back to the region, and expressed concern that this positive and formative experience for the region’s young people would not be replaced if the UK withdraws from the Erasmus+ scheme after Brexit. They stressed that the current visa system must be made more flexible in order to help CIoS explore how to use its links with organisations and countries all over the world to develop its own business and skills arrangements to boost the region’s economy after Brexit.

They agreed that work needs to be undertaken now to build CIoS’ case to the UK Government on which schemes and projects CIoS wants to run to continue to develop the region’s economy after the UK leaves the EU.

3. The implications of Brexit for employment law

Participants agreed that, although the implications of Brexit for recruitment are of more immediate concern to CIoS, a watching brief will need to be maintained on debates around the future of employment law post-Brexit.

They noted that the jobs market in CIoS includes a large number of self-employed and contract workers whose rights must continue to be maintained after the UK leaves the EU. They expressed concern that the Great Repeal Bill (which proposes to repeal the European Communities Act 1972 and convert existing EU law into domestic law) could have consequences for other areas of UK legislation that Parliament might not have time to scrutinise fully before the Bill is passed. They also highlighted that EU employment regulations being transferred to domestic law under the Great Repeal Bill could be subject to alteration every five years depending on the political make-up of the government of the day, which could lead to significant uncertainty for businesses and employees.
Key risks and opportunities identified by the Futures Group following the roundtable

Key Risks for CIoS

- Limits to EU nationals working in the UK would have a negative impact on many key sectors in CIoS, including: tourism, agriculture, care, ICT, construction, engineering and higher education.
- CIoS could struggle to fill key skilled positions if European funding for skills and employment programmes is not replaced after Brexit.

Key Opportunities for CIoS

- Make the current visa system more flexible so that CIoS can develop its own business and skills relationships with countries across the world.
- Develop career progression strategies to attract young people to key sectors with low-wage entry jobs.
- Explore innovative ideas for funding skills programmes after Brexit.
• The total value of the CIoS economy was £9.9bn in 2015.
• In 2016 the ONS recorded 27,870 VAT registered businesses in CIoS (this does not include micro businesses).
• According to the Centre for European Reform, 8.3% of output is sold to the EU.
• Digital connectivity in CIoS is among the best in the world as the result of the roll-out of Superfast fibre broadband.
• CIoS is a geographically remote region. It is 280 miles from Cornwall to London with a minimum car journey time of 5.5 hours (and a similar time by train). There are regular flights from Newquay airport to business centres in the UK and Europe.
• The proportion of self employed in CIoS is around 1.5 times that of the UK average.
• In 2016 medium gross annual earnings for all employees in CIoS equalled £17,873 or around 77% of the UK average.
• CIoS has been a net beneficiary of the EU due to its ‘less developed region’ status for EU Structural and Investment Funds. This funding has been allocated on a needs basis.

See Appendix 4 for a data portrait of this sector.

Findings from the discussion
Many businesses highlighted their concerns that uncertainty over the UK’s future post-Brexit is already having a negative impact on business in Cornwall. One person commented that some of their business’ clients are holding off on progressing with business projects for two years because of the uncertainty over Brexit and also noted that the lack of information available on the UK’s plans post-Brexit means that their business is unable to help clients make decisions about potential investment in projects. Other people commented that uncertainty over Brexit has led to delays in key business decisions and difficulties in terms of developing a plan to prepare their business for the potential impact of Brexit.

Attendees referred to potential limits on EU nationals working in the UK as a key risk of Brexit for Cornwall, particularly for the NHS and the agriculture sector. However, one person noted that some businesses in Cornwall have been offering part-time members of staff permanent contracts since the vote to leave the EU as businesses are looking for certainty and continuity in the run-up to Brexit.

Attracting more tourists to Cornwall was considered by many businesses to be a key opportunity of Brexit that Cornwall must capitalise on in the coming years.
The potential loss of access to EU funding post-Brexit was seen largely as a key risk for Cornwall, but some businesses saw Brexit as an opportunity for Cornwall to seek greater access to funding from other sources. Similarly, some businesses expressed concern that leaving the EU would make it harder for the UK to secure good trade deals and limit Cornwall’s ability to trade internationally, but other businesses believed that international trade would be one of the key opportunities of Brexit for Cornwall’s business community.

Even though uncertainty over Brexit is a cause for concern, some attendees encouraged businesses in Cornwall to be optimistic about Brexit. One commented: “Cornwall has the opportunity to show what it is made of – to stand on its own two feet without constant funding streams […] Let’s focus on how positive change can be!”

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**Key risks and opportunities identified by the Futures Group following the discussion**

**Key Risks**

- Uncertainty over the UK’s future business and international trade policies post-Brexit is already starting to have a negative impact on business and investment decisions in CIoS.
- Limits to EU nationals working in the UK would have a negative impact on many key sectors in CIoS, including the NHS and agri-food sector.

**Key Opportunities**

- Growth in tourism post-Brexit would provide a boost to the local economy.
- Send out positive messages about the opportunities of Brexit to provide encouragement to CIoS’ businesses and potential investors within and outside CIoS.
PUBLIC SERVICES AND COMMUNITY COHESION

- 15% of the local CIoS workforce is employed in public services (compared to 19% of the national workforce).
- Approx. 440 FTE staff in the NHS workforce in CIoS are from the EU. This does not take into account other primary care workers, health visitors, nursing staff, opticians and dentists.
- Approx. 5% of staff working for Cornwall Council are EU nationals.
- There are approximately 16,600 people employed in the social work and care sector in CIoS.
- The CIoS workforce is ageing. In some areas of CIoS, 30% of GPs plan to retire in the next three years as well as 40% of practice nurses in the next five years.
- EU regulation impacts on many council services and activities (such as waste, procurement, employment legislation, the environment, consumer protection, health and safety and trading standards).
- In CIoS, long-term international migration (Out) accounts for 1,600 people per annum leaving CIoS, with just over 2,000 (In).
- Cornwall as a whole is not deprived but there are neighbourhoods with consistently high levels of deprivation. The Indices of Multiple Deprivation 2015 data ranks Cornwall as 143 out of 326 local authority areas for deprivation (where 1 is having the highest proportion of the population living in the most deprived neighbourhoods).
- CIoS is a low wage economy, with average wage levels consistently lower than UK levels. The average earnings in 2016 were £17,873 (77% of the national average of £23,099).
- CIoS has been a net beneficiary of the EU due to its ‘less developed region’ status for EU structural and Investment Funds. CIoS benefitted over the Convergence period by a total of £950 million (Convergence £500 million and CAP/Rural Development Programme England £450 million).
- The Safer Cornwall partnership is keeping a watching brief on hate crime.

See Appendix 4 for a data portrait of this area.

Findings from the discussions

1. The implications of Brexit for the public sector workforce and the role of EU nationals

Participants were particularly concerned that any limits to the free movement of labour between the EU and the UK after Brexit could have a negative impact on the delivery and affordability of key public services in Cornwall.

They highlighted that NHS Kernow and primary care services would struggle to cope with the demands of caring for Cornwall’s increasing and ageing population if stricter controls on immigration from the EU to the UK following Brexit made it more difficult to retain existing staff and attract new staff, particularly highly-skilled staff such as consultants. Participants also believed that limits to EU immigration could cause difficulties in retaining and recruiting enough staff to take on other roles in Cornwall’s public services, such as cleaning and highways maintenance.
In order to mitigate the potential impact that limits to EU immigration could have on the delivery and affordability of Cornwall’s public services, participants highlighted that young people could be given more help to identify job opportunities in Cornwall (well-paid as well as lower-paid job opportunities). They suggested that developing more effective linkages between young people and suitable job opportunities would send out a clear message to challenge the mind-set that there are not enough well-paid jobs for young people in Cornwall. They also agreed that more needs to be done to persuade young people to opt for a career in the public sector.

Participants also discussed whether universities and colleges could improve their links with sectors offering seasonal job opportunities so that students can stay in Cornwall to gain work experience in a seasonal job during breaks in their studies. They also emphasised the need to “sell” Cornwall as a “place to be” in order to attract more people, including the Cornish diaspora, to work in Cornwall.

2. The implications of Brexit for EU regulations related to public services

Participants highlighted that Brexit could offer opportunities to consider how to build more flexibility into the state aid and public procurement systems. On public procurement, participants suggested that a review of the current public procurement process should be carried out in order to develop a more “common sense” approach that makes the process clearer and less technical to help smaller providers bid for public contracts.

They also suggested that Brexit could present an opportunity for public sector organisations with similar aims to pool money and achieve common goals.

3. The implications of Brexit for deprivation and funding for public services

Participants highlighted rising inflation and the cost of living (particularly a rise in the price of food), pay freezes and welfare cuts as potential implications of Brexit that could have a serious impact on people who are ‘just about managing’ in Cornwall. There was also concern that the loss of funding support CIoS currently receives from the EU could result in a reduction in the number of quality job and training opportunities available to local people in Cornwall.
They agreed that Cornwall must make the most of the funding it receives from the EU before Brexit and explore alternative funding options such as generating income from public services.
Key risks and opportunities identified by the Futures Group following the discussions

**Key Risks for CIoS**

- Limits to EU nationals working in the UK would have a negative impact on the delivery of key public services in CIoS (such as health and social care).
- The loss of EU support funding and potential rise in the cost of living following Brexit could have a serious impact on people who are ‘just about managing’ in CIoS.
- Work needs to be done to ensure that Brexit does not disrupt community cohesion within CIoS.

**Key Opportunities for CIoS**

- Explore making the post-Brexit state aid and public procurement systems more flexible than the current systems.
- Improve links between education & training providers and businesses in order to help young people find well-paid, skilled jobs in CIoS.
- Use Brexit as an opportunity to help all people in CIoS to have more control over their own lives and feel valued.
APPENDIX 1
MEMBERSHIP OF THE CIOS FUTURES GROUP

Kate Kennally (Chair) Chief Executive, Cornwall Council
Malcolm Bell Chief Executive, Visit Cornwall
Kim Conchie Chief Executive, Cornwall Chamber of Commerce
Bob Drew Executive Committee Member, Cornwall Association of Local Councils
(substitute for Stuart Roden)
Jonathan Eddy Deputy Director, Cities and Local Growth Unit, DCLG/BEIS
Prof Mark Goodwin Deputy Vice-Chancellor (Innovation and External Engagement), University of Exeter
Allan Hampshire Service Director (Neighbourhoods and Public Protection), Cornwall Council
Peter Holt Interim Head of Communications, Cornwall Council
Theo Leijser Chief Executive, Council of the Isles of Scilly
Andrew May Chair, Cornwall Agri-Food Council
Cath Robinson Chief Operating Officer, Customer and Support Services, Cornwall Council
David Rodda MBE Rural Delivery Manager, Cornwall Development Company (substitute for Andrew May)
Stuart Roden Executive Committee Member, Cornwall Association of Local Councils
Sandra Rothwell Chief Operating Officer, CloS LEP
Matt Silver Business Relationship & Stakeholder Manager, CloS LEP (substitute for Sandra Rothwell)
Ian Smith Chief Executive Officer, Cornwall Voluntary Sector Forum
Matthew Thomson Chief Executive, Fifteen Cornwall; Co-Chair, Local Nature Partnership Board
APPENDIX 2

ROUND TABLE PARTICIPANTS

The CioS Futures Group thanks the following participants for attending and contributing to the roundtable discussions:

2.1 Tourism, Culture and Heritage: the implications, risks and opportunities of Brexit for CioS (Monday 14th November 2016)

Malcolm Bell (Chair) Chief Executive, Visit Cornwall
Will Ashworth Managing Director, Watergate Bay Hotel
Deborah Boden World Heritage Site Co-ordinator, Cornwall Council
Trevor Broome Chair, Cornwall Association of Tourist Attractions
Prof Anne Carlisle Vice-Chancellor and Chief Executive, Falmouth University
James Green Director, Newlyn Art Gallery & The Exchange
Stephen Horscroft Economic Planning and Strategy Officer, Cornwall Council
Mark Osterfield Executive Director, Tate St Ives
Julie Seyler Culture Programme Manager, Cornwall Council
Dr Fiona Wotton Director, Cornwall 365
Katie Cavell and Lucille Ehrhart Cornwall Brussels Office (dialled in)


Andrew May (Chair) Chair, Cornwall Agri-Food Council
Chris Cardell Cornwall Chairman, NFU
Ross Cherrington Senior Farm Adviser, Westcountry Rivers Trust
Martin Howlett Vice-Chair, South and East Cornwall Local Action Group
Ruth Huxley Managing Director, Cornwall Food & Drink
Jonathon Jones Commercial and Garden Director, Tregothnan
Esther Kieboom Board Member, CioS Local Nature Partnership
Simon Leather Board Member, CioS Local Nature Partnership
Jonathan McCulloch Chair, Coast to Coast Local Action Group
Cllr Adam Paynter Deputy Leader, Cornwall Council (attended as an observer)
Andrew Richards Partner, Richards of Cornwall Farm Shop
Geraint Richards Head Forester, Duchy of Cornwall Woodlands
2.3 Energy and Climate: the implications, risks and opportunities of Brexit for CIoS (Wednesday 30th November 2016)

Matthew Thomson (Chair) Co-Chair, Local Nature Partnership Board
Manda Brookman Director, CoaST Sustainable Tourism Project
Caroline Carroll Geothermal Policy Officer, Cornwall Council; Energy Lead, CIoS LEP
Chris Coonick Senior Consultant, BRE National Solar Centre
Mark Elton Director of Cowan Eco Design, Cowan Architects
Ben Gowers Director, BG Renewables
Gus Grand Head of Policy, Eden Project
Steven Ford Cornwall Deal Programme Lead, Cornwall Council
Sophie Orme Sales Director, Wattstor
Matthew Trevaskis Director, ecodrive ltd
Phillip Woods Conditions for Growth Officer, Cornwall & Isles of Scilly ITI Support Team
Katie Cavell Cornwall Brussels Office (dialled in)
Peter Chalkley Head of Policy and Engagement, Energy & Climate Intelligence Unit (dialled in)
Steven Jermy Chartered Marine Technologist, Mojo Maritime (dialled in)

2.4 The Common Fisheries Policy: the implications, risks and opportunities of Brexit for CIoS (Friday 2nd December 2016)

Tony Tomlinson (Chair) Chair, CIoS Fisheries Local Action Group; Chair, Cornwall Inshore Fisheries & Conservation Authority
Andy Brigden Maritime Manager, Cornwall Council
Sam Davis Chief Officer, Cornwall Inshore Fisheries & Conservation Authority
Nathan de Rozarieux Managing Director, Tegen-Mor Fisheries Consultants Ltd
Paul Trebilcock Chief Executive, Cornish Fish Producers Organisation
Rob Wing Managing Director, Wing of St Mawes; Chairman, Newlyn Pier & Harbour Commissioners
Lucille Ehrhart Cornwall Brussels Office (dialled in)
2.5 Innovation, Research and Higher Education: the implications, risks and opportunities of Brexit for CIoS (Friday 2nd December 2016)

**Prof Mark Goodwin** (Chair) Deputy Vice Chancellor (Innovation and External Engagement), University of Exeter  
**Tessa Counsell** HE Development Director, Cornwall College  
**Bernard Curren** Director, Cornwall Innovation  
**Prof Simon Payne** Deputy Vice-Chancellor, Plymouth University  
**Prof Colin Roberts** Chairman, Strategy Board, Health & Wellbeing Innovation Centre  
**Prof Geoff Smith** Senior Deputy Vice-Chancellor, Falmouth University  
**Phillip Woods** Conditions for Growth Officer, Cornwall & Isles of Scilly ITI Support Team  
**Lucille Ehrhart** Cornwall Brussels Office (dialled in)

2.6 Employment and Skills: the implications, risks and opportunities of Brexit for CIoS (Friday 9th December 2016)

**Paul Massey** (Chair) Chair of the CIoS LEP’s Employment & Skills Board; Director, Bluefruit Software  
**Mel Colton-Dyer** Head of Business Connections and Skills, Cornwall Chamber of Commerce  
**Mark Duddridge** Chair, CIoS LEP  
**Clare Harris** Employment and Skills Manager, CIoS LEP  
**Stephen Horscroft** Economic Planning and Strategy Officer, Cornwall Council  
**Hylda Mounsey** Social Inclusion Officer, Cornwall and Isles of Scilly ITI Support Team  
**Stuart Roden** Executive Committee Member, Cornwall Association of Local Councils  
**Clare Salmon** Corporate Strategy, Policy and Intelligence Manager, Cornwall Council  
**Jaime Tinker** Research & Development Consultant, Cornwall College  
**Lucille Ehrhart** Cornwall Brussels Office (dialled in)
3.1 Business: the implications, risks and opportunities of Brexit for Cornwall

The CloS Futures Group thanks the Cornwall Chamber of Commerce and attendees of the BIG November Breakfast on Tuesday 22nd November 2016 for hosting and contributing to the discussion.

3.2 Public Services and Community Cohesion: the implications, risks and opportunities of Brexit for Cornwall

The CloS Futures Group thanks the Cornwall Executive Group for hosting the discussions during its meeting on Wednesday 23rd November 2016.
**APPENDIX 4**

**DATA PORTRAITS**

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### Tourism, Culture and Heritage

#### 1. The implications of Brexit for EU nationals in CloS: workforce, tourists and talent

The tourism industry is the UK’s third largest employer, providing jobs for 3.1m people and contributing £127m to the economy (7.1%), according to a recent report by the Tourism Industry Council. The Office for National Statistics (ONS) found that the tourism industry provided almost a third of the additional 900,000 jobs that were created in the UK between 2010 and 2013, and that these roles were located across the county in rural, urban and seaside communities. In CloS the tourism sector was valued by the ONS in 2013 at £990m (GVA), 9.9% of the economy, with 36,000 people employed in the sector.

A Brexit report on migrant labour by People 1st estimates that there are approximately 5 million non-British nationals working in the UK, accounting for 16% of the workforce. Across hospitality and tourism, 24% of the workforce is made up of non-British nationals, with the majority of these (55%) coming from outside of the EU. According to the report, this proportion is higher in the South West where 66% of migrant workers in hospitality occupations are estimated to come from outside of the EU. The report also estimates that a quarter of hospitality and tourism businesses in the UK have vacancies, of which 38% are considered hard-to-fill, and that the hospitality and tourism sector employs three times the proportion of 16-24 year olds that are found across the economy as a whole.

The Tourism Industry Council estimates that the 23m visitors from other EU destinations (67% of all visitors to the UK) contribute around £10bn to the UK economy each year including taxes such as Air Passenger Duty and revenue to UK carriers. This expenditure directly supports around 185,000 full-time equivalent UK jobs. According to a recent House of Commons report, there was a 1% increase in foreign visitors to the UK in July 2016 (compared to July 2015) and an 11% increase in the number of domestic day trips in the three months to August 2016 compared to the same period in 2015, which may be accounted for by the weaker pound. The number of tourists to CloS each year is over 4 million, with 335,000 of these being international visitors.

#### 2. The implications of Brexit for EU funding sources, markets and cultural links in CloS

The European Capitals of Culture initiative is a European Union initiative designed to highlight the richness and diversity of cultures in Europe, which has the added benefit of regenerating cities, raising the international profile of cities and boosting tourism.

The CloS Growth Programme is the European economic regeneration programme for the region. Running from 2014-2020 it will contribute to the EU ambition to deliver smart, sustainable and inclusive growth.

CloS has cultural links to countries around the world, particularly due to the impact of Cornish mining. Miners from CloS and their families had a profound impact on North America, Mexico, South Africa, Australia and New Zealand, and cultural relationships with these areas continue to this day.
Clos has a strong brand, renowned for being a special place, rich in heritage and outstanding natural beauty. The Cornish are recognised by the Council of Europe as a national minority, alongside the Welsh, Irish and Scottish.

Quality food and craft production contributes significantly to the modern Cornwall “brand”. Cornwall Council’s “Made in Cornwall Scheme” showcases the best of Cornish-made products, some of which have protected origin status. EU law provides a framework to control, protect and to promote the use of certain protected food names (PFNs). These names may only be applied to products with a tie to a geographical place and which have distinctive quality characteristics. There are currently four specifically Cornish PFNs, namely; “Cornish Pasty”, “Cornish Clotted Cream”, “Cornish Sardines”, and “Fal Oysters”. In addition, the PFN “West Country Beef and Lamb” includes Cornwall (with Devon, Dorset, Gloucestershire, Somerset, and Wiltshire). It should also be noted that Cornish businesses may also produce products which meet the requirements of a variety of “Traditional Speciality Guaranteed” protected names. One example is the “Traditional Farm Fresh Turkey” and there are other PFNs relevant to wine and spirit production which may be available to Cornish businesses where they meet the relevant specification criteria. The potential benefits of PFNs lie in the value premium, quality, reputation, and consumer-recognition, not least when products cross borders into other EU markets.

3. The implications of Brexit for environmental standards and the potential impact on tourism, culture and heritage

Cornwall has over 300 beaches. Seven beaches in 2016 fly the Blue Flag, which is an international standard for the best beaches in the world, and ten beaches have been given the Seaside Award. 82 beaches in Cornwall have been designated as bathing waters, as guided by the Bathing Water Directive, which are strict water quality standards to protect beach users.

Cornwall’s Area of Outstanding National Beauty (AONB) has the same status and level of protection as National Parks. Since 2002, the Cornwall AONB team has worked to conserve and enhance Cornwall’s protected landscapes so that they remain Cornwall’s key economic asset, valued by local people and visitors alike.
The Common Agricultural Policy (Agriculture, Horticulture, Forestry, Rural Development and the Environment)

1. Moving from the Common Agricultural Policy (CAP) to the British Agricultural Policy (BAP)

Cornwall Council estimates that over the Convergence period (2007-2013) the value of CAP/Rural Development Programme England funding was £450 million. The CAP/Rural Development Programme England figure is an estimate which will be revised as more accurate data is obtained. In the 2014 to 2020 period the estimated value of CAP payments to Cornwall and the Isles of Scilly is circa £140 million. This is broken down as follows:-

Pillar 1 payments - £70 million (£10 million per annum to circa 3,800 claimants)

Pillar 2 payments:
- EAFRD Growth Programme - £9.4 million
- LEADER - £7.3 million
- Countryside Productivity – Expected drawdown in Cornwall and the IoS = £5 million maximum
- Agri-environment Schemes –
  - Countryside Stewardship - £7 million (£1 million per annum to 225 agreement holders)
  - Environmental Stewardship - £46 million (£6.6 million per annum to 1,130 agreement holders)

It is important to recognise the significance of this money in the rural economy as much of it flows through the wider supply chain as inputs, payments for services, etc.

2. The potential risks of Brexit (and the move from the CAP to the BAP) for the wider rural community

The Agri-food sector makes up 6% of CIoS’ GVA (compared to 3% nationally). According to the Census 2011, 6,970 people were employed in agriculture, forestry and fishing, and 6,450 were employed in food processing. Overall, 22,000 people are employed in agri-food (ranging from the manufacturing of food products and beverages, through to the wholesale and retail sales). The latest Defra agricultural census gave a total of 10,700 in the agricultural sector. There is no available data on how many of these are EU nationals. The value of agriculture in CIoS is £224 million (GVA), 2.3% of the economy.

In 1985 the New Zealand government removed all agricultural subsidies overnight, leading to a very rapid period of reform. This means that there are no payments, risk insurance or guaranteed loans in New Zealand to farmers.
In the South West, the Single Payment Scheme makes up a large proportion of farm business income. The following chart, produced by Duchy College, shows income per farm in the South West between 2012 and 2015.

### Energy and Climate

1. The implications of Brexit for the CIoS energy sector

The energy sector is worth £102m per year in CIoS (2015 GVA figure). Cornwall is generating the equivalent of approximately 32% of its annual electricity consumption and 10% of its annual total energy consumption from renewables in Cornwall. (Note: the difference in percentage is because not all energy used is from electricity).

According to the Committee on Climate Change, the UK has received substantial funding for energy infrastructure projects from EU institutions in recent years, including:

- The European Investment Bank (EIB) has provided over €9 billion in long-term loans over the past five years. The UK is the biggest recipient of the EIB’s Climate Awareness Bonds for renewable energy and energy efficiency, securing 24% of total available funds.
- Structural and regional funds were earmarked to have provided €1.6 billion to support the transition to a low-carbon economy over the period 2014–20;
- The EU is also a major funder of low carbon research and development, with 85% of energy funds allocated through Horizon 2020 being earmarked for renewables, energy efficiency and smart grids.

2. The potential opportunities of Brexit to target domestic and international markets

There is no available data on how far (nationally and internationally) produce from CIoS is sold.

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![Chart showing income per farm from 2012/13 to 2014/15.](chart)

- **Single payment scheme**
- **Diversification**
- **Agri-environment**
- **Agriculture**

**2012/13**  | **2013/14**  | **2014/15**
--- | --- | ---
30000 | 40000 | 35000
10000 | 15000 | 10000
5000 | 7500 | 5000
0 | 0 | 0

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Renewable energy is an investment priority for the CloS Local Enterprise Partnership (CloS LEP) in their Strategic Economic Plan. The CloS LEP Business Plan also identifies the development of a Low Carbon Enterprise Zone at Hayle and Falmouth as a driver for the Offshore Renewables Road Map.

2. The implications of Brexit for low carbon housing and transport in CloS

Cornwall Council undertakes a wide range of research on reducing fuel poverty and improving winter warmth. The Reducing Fuel Poverty infographic highlights the following points:

- CloS are in the top 3 local government areas for homes without central heating
- 14.4% of households in Cornwall and 22.4% of households in Isles of Scilly are affected by fuel poverty, compared to 10.4% nationally.
- 36,000 households (83,000 people) in CloS experience poor health due to a lack of warmth.
- Around 300 more people die each winter in CloS compared to the summer months.

According to the Census 2011, the main method of transport used to travel to work in Cornwall is by car or van.

3. The implications of Brexit for UK climate policy

The UK has the Climate Change Act 2008, which includes a commitment to an 80% reduction in emissions by 2050 relative to 1990 levels. As an EU Member State, the UK is currently subject to a number of EU climate-related directives and has ratified the 2015 UN climate change agreement (the ‘Paris Agreement’).

The Common Fisheries Policy

1. The implications of Brexit for fisheries management

According to a recent report by Cornwall Food & Drink for the CloS LEP, Cornwall has a total of 32 ports that the Marine Management Organisation (MMO) recognised as ‘Landing Ports’ in 2014 and an additional 14 sites where fish are known to be landed.

Newlyn is one of the largest fishing ports in the UK with as many as 40 species landed on any one day. It is the Administrative Port of nearly all of the Cornish fleet and has the largest number of boats (553) of any of the Administrative Ports in the UK. In 2016 the MMO recorded a Cornish fleet size of 78 vessels (sized 10m+) and 512 vessels (under 10m in size).

2. The implications of Brexit for markets

Cornwall Food & Drink estimate that in 2014 the value of fish landed in Cornwall was £35m, up from £28m in 2011. When seafood processing is factored in then the combined value of fishing and fish processing is between £50m and £100m.

3. The implications of Brexit for funding

According to figures published on the European Commission webpage, the UK has been allocated €243.1m from the European Maritime and Fisheries Fund for 2014-2020.
Innovation, Research and Higher Education

1. The implications of Brexit for research and innovation in CIoS

A 2014 study by Oxford Economics estimates that Falmouth University and the University of Exeter, who share and jointly manage the Penryn Campus, have contributed £491 million to the economy of CIoS between 2002 and 2012. The universities have also contributed £144 million to the UK Exchequer during this period. The study demonstrates that the universities’ economic impact has grown sharply over the past decade, with their contribution to CIoS’s Gross Domestic Product (GDP) increasing by almost 300% and the number of jobs supported by them increasing by almost 200%, with the universities accounting for 1 in every 155 jobs in the county. The contribution made by the universities’ students and employees is significant, with student living expenditure alone having contributed £111 million to the local economy between 2002 and 2012.

A 2016 report by Oxford Economics estimates that in 2014/15 Falmouth University and its students supported economic activity worth £58.3m and 1300 jobs (1 in every 200 jobs in Cornwall).

Falmouth Exeter Plus (FX Plus) delivers shared higher education services and facilities for Falmouth University (Falmouth) and the University of Exeter (UoE) in Cornwall.

The level of investment in research and development (R&D) by businesses in CIoS is significantly lower than the UK average. According to the CIoS LEP EU Investment Strategy, R&D spend in CIoS in 2009 was 0.19% of GDP (compared to UK R&D spend of 1.85% of GDP).

2. The implications of Brexit for academic and research staff in CIoS

Falmouth University and University of Exeter have been supporting staff and students following the referendum decision to leave the EU, including keeping in regular communication and providing opportunities to discuss issues and concerns.

Falmouth University has 246 students from non-UK EU countries and 34 staff members from EEA Countries, not including the UK (this includes 12 Professional Services staff and 22 Academic staff).

The University of Exeter has run a series of workshops in Cornwall and Exeter for non-UK EU staff in July and September, to support staff in applying for Permanent Residency in the UK and/or British Citizenship. The University has agreed to meet the cost of the application for confirmation of Permanent Residency for staff, and has also run a pilot workshop for a group of staff, supported by a solicitor, to help fill in the complex 85-page Permanent Residency application form. The University of Exeter has 1763 students from non-UK EU countries studying across all disciplines and levels of study (as of 24 October 2016) and 580 staff members from EEA Countries, not including the UK (as of November 2016).
3. The implications of Brexit for students in CloS

The need to reassure EU students is highlighted in a BBC article, which estimates that there are currently more than 125,000 EU students in UK universities (5% of the overall student population). According to a report by the Royal Society, 14% of the UK’s PhD students are EU nationals, and in 2014/15 16% of academic staff working in the UK’s universities were EU nationals.

On 11 October 2016, the Department for Education announced in a press-release that EU students applying for a place at an English university of further education institution in the 2017-18 academic year will continue to be eligible for student loans and grants for the duration of their course, and will pay the same tuition fees as UK students.

Erasmus+ is the European Union programme for education, training, youth and sport. It runs for seven years, from 2014 to 2020. Erasmus+ aims to modernise education, training and youth work across Europe. It is open to education, training, youth and sport organisations across all sectors of lifelong learning, including school education, further and higher education, adult education and the youth sector. It offers opportunities for UK participants to study, work, volunteer, teach and train abroad in Europe.

Employment and Skills

1. The implications of Brexit for recruitment and the future of EU nationals working in CloS.

There is no data available on the numbers of EU nationals in key sectors in CloS.

Agriculture and tourism are particularly reliant upon seasonal workforce, with demand for skills peaking during certain times of the year.

Health, accommodation and food services have seen falls in vacancies over the year. Overall vacancies have fallen back over the year, a trend which predates the referendum.

2. The implications of Brexit for skills provisions and funding in CloS

CloS continues to lag behind the national average in the proportion of the working age population holding qualifications at all levels and a significant increase in those holding NVQ Level 4 qualifications, despite growth since 2004. The proportion of people in CloS with no qualifications is now below the national average and 47,800 working age people only have Level 1 qualifications – this is highly correlated with low skills, low paid and insecure employment. There are 19,200 working age people without any qualifications at all in CloS, 69,200 people are economically inactive and 15,100 are unemployed.

A significant mechanism for delivering the employment and skills agenda locally is the European Social Fund (ESF), part of the European Structural and Investment Funds (ESIF) Growth Programme for England (2014-2020).
3. The implications of Brexit for employment law

According to a recent briefing paper by the House of Commons Library, a substantial component of UK employment law is grounded in EU law, including: annual leave, agency worker rights, part-time and fixed term worker rights, health and safety obligations, paternity, maternity and parental leave and anti-discrimination legislation.

Business

According to the ONS, the total value of the CIoS economy was £9.9bn in 2015.

In 2016 the ONS recorded 27,870 VAT registered businesses in CIoS, of which only 2.2% are classified as medium or large (compared to the UK average of 3.1%). It is important to note that the true number of businesses is probably much higher as the ONS estimate that only 40% of businesses in the South West are VAT or PAYE registered. The 2015 Superfast Cornwall programme evaluation estimated that there are in excess of 29,000 business premises in Cornwall. Given the large number of Micro businesses in Cornwall it should be assumed that there are a number of businesses in CIoS that are neither VAT registered nor have business premises.

According to the Centre for European Reform, 8.3% of output is sold to the EU.

Digital connectivity in Cornwall and Isles of Scilly is among the best in the world, as assessed by the Superfast Cornwall evaluation (2015). Substantial levels of funding have been invested in rolling out fibre broadband across CIoS under the EU Convergence programme (£53.5m from the European Regional Development Fund, £78.5m from BT and funding from Cornwall Council and Cornwall Development Company). The roll-out saw the laying of a cable from the mainland to the Isles of Scilly (a distance further than from Dover to Calais) and 241,000 premises passed. This gives the county the second best coverage, after Japan, of 13 comparator areas assessed by Analysys Mason. The Superfast Cornwall evaluation demonstrated that connected businesses had generated new sales and accessed new national or international markets, and that average turnover rose by an estimated £90,848 per connected business compared to just £20,922 amongst non-connected businesses over two financial years. Due to this positive impact, further high-level investment in Superfast broadband has been granted by the UK Government and the EU Growth Programme (2014-2020).

The CIoS LEP Business Plan and Strategic Economic Plan highlighted the following characteristics of businesses in Cornwall:

- The proportion of self employed is around 1.5 times that of the UK average.
- In 2016 medium gross annual earnings for all employees in CIoS equalled £17,873 or around 77% of the UK average.
- CIoS is a geographically remote region. It is 280 miles from Cornwall to London with a minimum car journey time of 5.5 hours and a similar time by train.

There are regular flights from Newquay Airport to business centres across the UK and Europe.
Public Services and Community Cohesion

1. The implications of Brexit for the public sector workforce and the role of EU nationals.

According to the ONS, 15% of the local CIoS workforce is employed in public services, compared to 19% of the national workforce. When the health and care workforce is considered, this sector represents 1 in 10 of the working age population in CIoS, according to the recently published draft business case of the local Sustainability and Transformation Plan.

According to NHS Digital, 5% of the total UK NHS workforce in Trusts, CCGs, Support Organisations and Central Bodies were EU Nationals in June 2016. This rose to 5.3% when looking at Full-Time equivalent employees. If this data is applied to CIOS it is estimated that 440 FTE staff in the NHS workforce are from the EU. This number does not take into account the number of EU nationals who are other primary care workers, health visitors, nursing staff, opticians, dentists.

Cornwall Council estimates that 5% of staff working for the Council are EU nationals.

The CIoS Sustainability and Transformation Plan outlines challenges in health and social care. Nationally the NHS is currently struggling to recruit and retain permanent staff: in 2014, there was a shortfall of 5.9 percent (equating to around 50,000 full-time equivalents) between the number of staff that providers of health care services said they needed and the number in post, with particular gaps in nursing, midwifery and health visitors. A recent report by the King's Fund highlights 5 big issues for health and social care after the Brexit vote.

Similar problems exist in the social care sector, which has an estimated vacancy rate of 5.4 percent, rising to 7.7 percent in domiciliary care services. High turnover is also an issue, with an overall turnover rate of 25.4 percent nationally (equating to around 300,000 workers leaving their role each year).

The CIoS workforce is ageing, and there are difficulties in recruiting staff with specialist skills, and a heavy reliance on agency workers. In some areas of CIoS, 30% of GPs plan to retire in the next three years as well as 40% of practice nurses in the next five years. National shortages of GPs and nurses have led to an increased use of bank and agency workforce, and as a result an increased wage cost. We also have local recruitment issues across the system, including a relatively low level of placements for nurses and local funding for training that is insufficient for local demand.

Our capacity in delivering social care across CIoS is also stretched due to staffing issues and market conditions. Providers face difficulty recruiting and retaining staff leading to gaps in our workforce, with a particularly high number of qualified social worker vacancies and insufficient capacity in domiciliary care and our care homes.

2. The implications of Brexit for EU regulations related to public services

EU regulation impacts on many council services. The LGA briefing on the impact of leaving the European Union identifies that the regulatory framework for a range of services (such as waste, employment, the
environment, consumer protection, health and safety and trading standards) originates in Brussels, as does the legal framework for public procurement. Cornwall Council is seeking to work with the LGA to more fully understand what the impact may be, if local authority regulations are eroded or lost or if legal compliance requirements become more uncertain for all parties.

Some examples of regulation that could have a particular impact on CIOS are as follows:

- **Protected Food Names (PFNs)** are important to the local economy in Cornwall. For example, over 120 million Cornish pasties are produced each year with a turnover of some £300m. Some £15m is paid to Cornish farmers for pasty ingredients and the total employment in pasty production is at least 2,000 jobs in Cornwall.

- **Consumer Protection/Consumer Rights in the UK** are largely based on harmonised EU laws and ensure that the internal market is fair, safe and transparent for consumers and businesses alike. Examples are the Consumer Rights Act and the Consumer Protection from Unfair Trading Regulations both of which implement EU directives. Similar arrangements are in place for product safety, unfair contract terms, package travel, consumer credit and others.

3. **The implications of Brexit for deprivation and funding for public services**

**Population**

To date much of the debate around EU membership and migration has been centred around those who are eligible to work within the UK. There are however, additional factors around the migration debate which concern our own ex-pat population.

1.2 million people born in the UK live in other EU countries, according to 2015 data from the United Nations. Spain hosts the largest group of Brits at an estimated 310,000. Ireland is second with an estimated 250,000 and France third with 190,000.

It is unlikely that the existing ex-pat population will be required to leave their homes, but negotiations around the terms on which they remain may impact on the number choosing to return to the UK e.g. working in the EU could become more difficult for UK expats if host countries ask them to comply with more restrictive rules when it comes to permits and setting up businesses. They may lose their automatic right to work within the EU area and be asked to apply for Blue Cards.

The additional consideration is the restrictions placed on those wishing to move in future. Restriction may result in fewer leaving Cornwall and IoS. Long-term international migration (Out) accounts for 1,600 (on average 2010-15) people per annum leaving CIoS, with just over 2,000 (In), according to the ONS.

With such uncertainty around the terms on which we will exit it is difficult to determine the exact impact but changes could result in longer term changes to both population make-up and numbers.

**Deprivation**

A recent report by the London School of Economics estimates that inflation would go up as a result of Brexit, with prices increasing most in transport (a price hike of between 4% and 7.5%), alcohol (4% to 7%), food (3% to 5%)
and clothing (2% to 4%). For the poorest tenth of households, real income losses would be 1.7% to 3.6% in the short run and 5.7% and 12.5% in the long run.

CloS is a low wage economy, with average wage levels consistently lower than UK levels. The CloS LEP economic data webpage estimates that the average earning in 2016 were £17,873 which represent 77% of the national average of £23,099. Some of CloS key sectors for employment are low wage sectors, with earnings for many sectors lower than the average, so any impact upon the costs of living may be felt more acutely in CloS than elsewhere in the UK, when looking at a population level.

Cornwall as a whole is not deprived but there are neighbourhoods with consistently high levels of deprivation. According to analysis published on the Cornwall Council Deprivation webpages, the Indices of Multiple Deprivation 2015 data show that Cornwall is now ranked 143 out of 326 local authority areas for deprivation (where 1 is having the highest proportion of the population living in the most deprived neighbourhoods). The 2010 data showed that Cornwall ranked 154. Seventeen neighbourhoods are among the most deprived (worst 10%) in England. 5% of neighbourhoods in Cornwall are among the most deprived in England.

Cornwall Council uses ACORN customer insight data. Through this, the Council identifies that up to 120,117 (44%) of the 272,495 total households in CloS are categorised by ACORN as ‘low income households’ meaning that total household earning are less that £20,000. These household could be considered to be ‘just about managing’ and any increase in living costs as a result of inflation could have a detrimental impact upon their ability to afford the essentials for living.

Cornwall Council undertakes a wide range of research on reducing fuel poverty and improving winter warmth. The Reducing fuel poverty infographic highlights that 36,000 households (83,000 people) in CloS experience poor health due to a lack of warmth and around 300 more people die each winter in CloS compared to the summer months.

Affordability and funding of public services

The affordability of the local public services is affected, amongst other things, by the dependency ratio, which is the number of working age people to dependant people (defined as non-working age). CloS has a higher dependency ratio (69) than the national average (58). The population in CIOS is ageing, meaning that without an increase in the number of working age population, the dependency ratio will increase over the coming years.

According to the recent State of the State report by Deloitte:

‘While the public finances are exposed to Brexit effects nationally, the local public sector’s finances are also exposed in the event of economic decline. Reform to council finances has made local government highly dependent on the strength of their local economy, and recessionary pressures increase demand on local services including housing, children’s services and the NHS’.
CIoS has been a net beneficiary of the EU for some time due to its ‘less developed region’ status for EU structural and Investment Funds. CIoS benefitted over the Convergence period by a total of £950 million (Convergence £500 million and CAP/Rural Development Programme England £450 million).

4. The implications of Brexit on community cohesion

The Safer Cornwall partnership is keeping a watching brief on hate crime. A rise in hate crime was recorded in July and August following the Brexit vote where the number of crimes reported were significantly above historical levels (note: this means a rise of around 15 crimes across a month) but this has since dropped down again to within “normal” levels. The Safer Cornwall Strategic Assessment identifies issues of underreporting - suggesting that the actual number of people affected by hate crime could be much higher than reporting numbers indicate.
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NOTES
Global shock as Britain quits EU

» Britain votes to leave EU in stunning blow to Europe
» Sterling suffers sharpest fall since 2008 financial crisis
» Pressure on PM to quit despite support from Eurosceptics
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