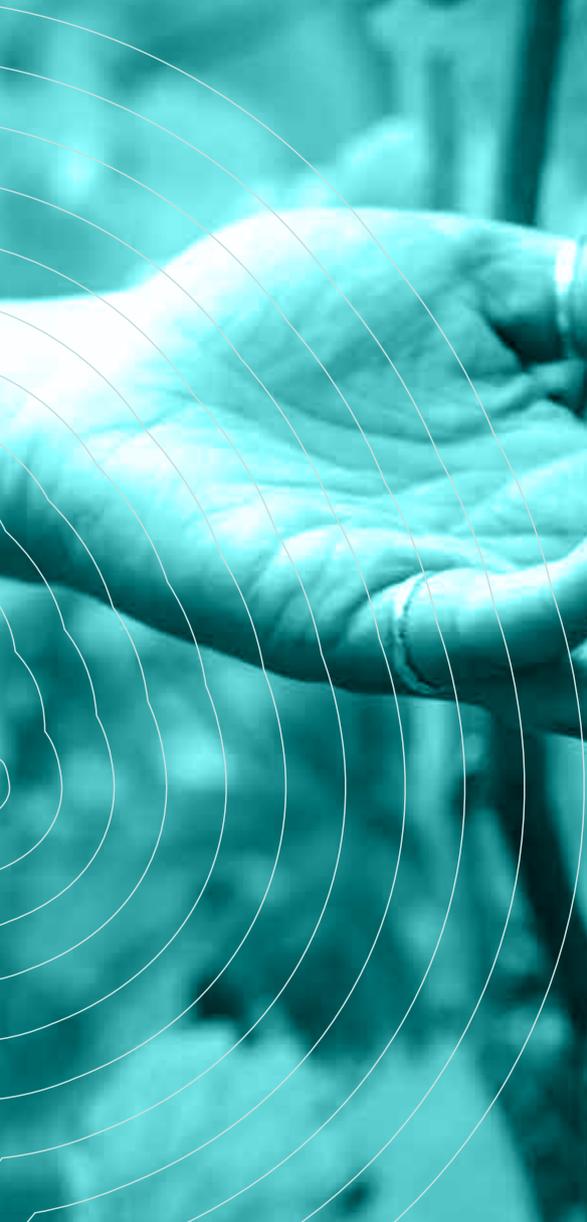


NEW FRONTIERS

AGRI-FOOD AND FISHERIES



AGRI-FOOD AND FISHERIES

Context

In Cornwall and the Isles of Scilly the agri-food and fisheries sector has a turnover in excess of £2 billion annually and is valued at over 6% of our GVA (equivalent figure for England is 3%). The sector employs over 20% of Cornwall and the Isles of Scilly's working age population compared to 15% in Great Britain. The sector also has a significant role to play in the environmental and natural capital value of our region through managing a range of ecosystem goods and services and its relationship to tourism is symbiotic and essential to our long term response to population pressures and climate change¹².

In financial terms the various strands of the Common Agricultural Policy (Basic Payment Scheme, Agri-environment Schemes, LEADER, EAFRD Countryside Productivity and the EAFRD Growth Programme) are worth in the region of £100 million per annum to Cornwall and the Isles of Scilly, so the decision to leave the EU and the transition from the current CAP regime to a British Agricultural Policy is of critical importance; particularly as the policy towards allocating public funds is moving to definitions of public goods beyond food production.

Unlocking barriers

The rationale for change

In a post-Brexit UK, the availability of financial support to act as a long-term economic catalyst is uncertain as details on any future Domestic Agricultural Policy are yet to emerge. However, the likely reduced levels of, or re-focussing of, the current Pillar 1 type CAP payments and Pillar 2 Rural Development Funds deliver a double challenge to the agri-food sector. The impact of

these challenges will be felt across the direct supply chain and the wider economy of rural areas.

Finding ways to secure improvements in productivity and the future growth of one of the largest sectors in Cornwall and the Isles of Scilly is crucial to our overall Strategic Economic Plan (Vision 2030). Whilst the agri-food sector has grown considerably since 2000, further work is required to improve competitiveness, build efficiencies, address productivity issues and increase innovation to create growth across the whole of the supply chain.

Similarly, details of a new domestic Fisheries Policy are not yet available. However, it is clear that for the fishing industry, support from the EU Marine and Fisheries Fund has been an important source of investment for fishing vessels of all sizes, as well as in shore-based businesses. It has also been fundamental to the provision of essential port-based infrastructure. Identifying future sources of investment to continue to modernise port facilities and enable businesses to adapt to post-Brexit market opportunities will be an important component of the future success of the fishing industry. Equally, we are aware of the need to manage UK fish stocks sustainably and for the benefit of local communities, and policy and funding to support this is as essential as that for infrastructure investment.

20%

of Cornwall and the Isles of Scilly's working age population are employed in the agri-food and fisheries sector

¹² "State of the Economy 2017", Cornwall Council Economic Intelligence Service, <https://www.cornwall.gov.uk/business/economic-development/economic-intelligence/>

Our ask

We are seeking to build on our existing investment programme with future activity designed according to the following key principles:

- 1** The UK Shared Prosperity Fund (UK SPF), or successor funding to the EU Rural Development and Fisheries Programmes, should take the form, at local level, of a streamlined single pot investment programme up to 2030 combining economic development funding for rural and coastal areas (including funding that is currently being delivered through programmes such as LEADER, EAFRD Growth and Countryside Productivity Programme's and EMFF) with other growth, infrastructure and skills funding schemes. Alternatively if the UK SPF is not going to support this activity, DEFRA need to consider a rural development programme as part of their future agricultural policy objectives.
- 2** Economic development funding for rural and coastal areas should be allocated to 'place level' and form part of the 'single pot' approach suggested above. At the very least, the financial support for the agri-food and fisheries sector should be aligned with UK SPF activity via an Agri-Food and Fisheries Sector Deal for Cornwall and the Isles of Scilly under the auspices of our local Industrial Strategy.
- 3** Similarly we would seek greater local involvement in the delivery of environmentally linked funding to ensure that it is targeted to deliver local priorities and where possible dovetailed with any economic development funding in order to deliver a more holistic approach. Defra's 25 year plan for the Environment and Cornwall's Environmental Growth Strategy support this approach and our willingness to explore how this objective can be achieved is shown in the Devolution section of this document.
- 4** Adopt an 'inclusive growth' approach to the delivery of the UK SPF as this will help to rebalance the economy and deliver shared prosperity. We now have an opportunity to capitalise on the legacy of previous investments to become a thriving self-sustaining economy that not only delivers sustainable inclusive growth, but also contributes to the economic position of UK PLC.
- 5** The current Pillar 1 CAP payment system requires reform, and a transitional phase from the current system (5 years from 2020) will be required to lessen the negative impact on the agricultural sector. The replacement system needs to ensure that the environmental benefits derived from the current regime are improved upon to deliver environmental growth, in line with the move towards the need for delivery of wider public goods and that the income stabilisation role is also maintained in some way.
- 6** A programme design focused on local accountability (within a national framework) that builds on our current Intermediate Body/ accountable body status will ensure that the programme is easy to access by beneficiaries, owned and recognised by stakeholders and partners; and easily accountable to and monitored by Government.
- 7** Delivery according to measurements of success, that are linked to the quality of outcomes achieved rather than outputs delivered, will ensure that a whole system approach to creating inclusive, economic and environmental growth can effectively tackle areas of underperformance and optimise the productive capacity of regions.
- 8** The Cornwall and the Isles of Scilly fishing industry and environmental stakeholders should be involved in any negotiations and policy development affecting access to fisheries resources in the 6-12 nautical mile and the 12-200 nautical mile zones, and access to quota allocation based on the distribution of stocks within UK waters.
- 9** The Government should take our high percentage of fish and shellfish catch exports fully into account when designing the UK fisheries policy and negotiating future trade deals.
- 10** Explore the potential for regional devolution of technical fisheries conservation measures. This could improve sustainability, increase profitability and promote stronger co-management of stocks, through a more responsive and proactive management regime.

Our offer

The decision to leave the EU provides Cornwall and the Isles of Scilly, and the UK as a whole, the opportunity to create a more joined-up approach to the design and delivery of economic development programmes. As a rural and coastal region, the ability to join up activity supported by the UK SPF with any activity supported by any future Rural Development and Fisheries programmes is vital; as it will help us to develop a competitive and sustainable agri-food and fisheries sector after Brexit that works in harmony with the environment.

This approach will generate improvements by:

- Encouraging profitable, resilient, competitive and dynamic businesses through investing in improvements in their performance and encouraging supply chain efficiencies that will reduce the reliance of these businesses on the funds currently derived from CAP/CFP payments;
- Enabling the agri-food and fisheries sector to become an employer of choice by investing in businesses and individuals to maximise their potential and reduce the reliance of the sector on migrant labour;
- Creating value out of knowledge to facilitate the increased use of RD&I to understand the barriers to growth and identify the knowledge required to address them in the indigenous business base, as well as driving export trade in this globally important sector;
- The stewardship of our natural capital has always been and will continue to be vital to our society and economy. Planning future management to optimise production methods, while working within our environmental limits will result in a prosperous and sustainable future for our rural and coastal communities.

Benefits

The agri-food and fisheries sector is one of the largest sectors in Cornwall and the Isles of Scilly. To meet Cornwall's 2030 Local Plan ambition for new jobs and growth, the role of this sector in helping us achieve our ambitions will be of paramount importance. The Isles of Scilly have equally challenging targets to meet.

Through a greater focus on economic and environmental productivity and fostering a more joined-up and place-based approach to the delivery of future rural development, coastal and fisheries funding programmes, alongside or as part of the UK SPF, this sector can adapt and flourish in the post-Brexit world.

We have an opportunity to create a more joined-up approach to the design and delivery of economic development programmes