

Report of the Cabinet Member Economy and Skills

1. Introduction

I have been asked to report by Members as follows:

by Councillor Hannaford “*On fishing industry in Devon – trade deals and Brexit*”, and on ‘*On unspent EU Grant Money – Devon and Somerset allocation*’

and

by Councillor Atkinson “*on the Automated and Electric Vehicles Act 2018, ... which has been enacted ... and advice on what it means for DCC*’. (<http://www.legislation.gov.uk/ukpga/2018/18/part/2/enacted>)

2. Fishing Industry in Devon

The fishing industry has long played a unique role in the economies and communities of coastal towns and villages across Devon. There are 18 commercial fishing ports across the Devon County Council area, including ports such as Exmouth, Dartmouth, Salcombe and Ilfracombe. Moreover, two of England’s three largest fishery landings - Brixham and Plymouth – are in neighbouring unitary local authority areas, but have supply chains and employment pools that extend far into the rest of the county.

The fishing industry as a whole has been in decline for some time. Landings of fish in UK ports have more than halved since the 1970s from 984,000 tonnes to 451,000 tonnes in 2014. In many places this fall has been accompanied by a broader decline in the economic performance of some of the UK, and Devon’s, coastal communities.

Analysis by the Social Market Foundation (SMF) found that in 85% of Britain’s 98 coastal local authorities, people earned below the national average for 2016, with employees in seaside communities paid about £3,600 less. This trend is particularly acute in Devon, where North Devon and Torridge made up two of the 10 local authorities in Great Britain where people earned the lowest average pay.

The broader issue of coastal communities is one on which the Council is closely engaged, including working with partners such as Torbay Council and the Local Enterprise Partnership to explore proposals that could be put to government.

The Council has not undertaken scenario analysis about the impact of specific Brexit scenarios on the fishing industry given the uncertainty around what those scenarios might be. However, in September 2018 DCC officers submitted a response to DEFRA’s consultation on the future of fisheries policy, “Sustainable Fisheries for Future Generations”, to register the key issues as we see them. The following points were made:

- The government should ensure that it places a high priority on the fishing industry in its negotiations with the European Union over the UK's future relationship with the bloc. Although small in absolute terms, the fishing industry is a major employer in coastal towns that are often poor and experience high levels of economic and social deprivation.
- Brexit presents a unique opportunity for the government to ensure that access to UK coastal waters is prioritised for UK fishermen, including by fully exploiting its status as an independent coastal state.
- The government is right to ensure the sustainability of fishing stocks to ensure that they are maintained for future generations. Fishing stocks are a key economic asset and need to be managed with care, and in co-ordination with international partners. The unsustainable fishing practices of decades ago cannot be allowed to return.
- The government is right to adopt a scientific and evidence-based approach to quota allocation, however it should seek to address the current inequalities in the distribution of fishing opportunities. Currently three large companies control two thirds of the UK's catch. The government should ensure that more of the quota is made available to smaller fishing enterprises.
- The government should also look at what it can do to support new entrants to the sector, including young people. A proportion of the quota allocation could be set aside for new entrants, for example, and the government could seek to enhance training opportunities.
- Where possible, the government should seek to retain the access that UK fishermen currently have to EU markets. Exports account for a significant proportion of certain types of catch.
- The government should also be mindful of the fact that many vessels and the seafood processing sector rely heavily on non-UK EU labour at present. Steps should be taken to ensure that the sector has access to the labour it requires.
- It will be important that UK ports and processing facilities are prepared and equipped for larger landings of fish. The government may need to consider how it can support the investment that is likely to be required in some of those facilities.
- The government should consider how it can support the development of links between fishermen and the local food and drink sector. Devon is home to some of the best quality seafood in the UK and shortening local supply chains can have significant benefits for both consumers and producers.
- The focus on the future of the fisheries sector is welcome but needs to be accompanied by efforts to improve the economic performance of coastal communities more broadly. This will require significant investment in connectivity, culture, skills & employment opportunities.

Points were also made about the importance of Devon's marine environment as a key part of our natural capital, and the need to ensure that this environment is adequately protected after Brexit.

This consultation response drew on input from groups including the Devon and Severn Inshore Fisheries and Conservation Authority, the North Devon Fishermen's Association and South Devon and Channel Shellfishermen Ltd, as well as engagement with neighbouring local authorities.

3. Unspent EU Grant Money – Devon and Somerset allocation

The Heart of the South West LEP area, which covers Devon, Somerset, Plymouth and Torbay, are covered by three EU funded programmes under the banner of Structural Investment Funds: European Regional Development Fund (ERDF); European Social Fund (ESF) and European Agricultural Fund for Rural development (EAFRD).

ERDF and ESF monies are allocated across “Categories of Region” which the European Commission recognises. For the Heart of the South West, the local authority areas of Devon, Plymouth and Torbay are classed as “Transition” whilst Somerset is “More Developed”. Within ERDF and ESF, monies are further allocated across specific Priorities; monies can only be moved across Categories of Region or Priorities by the Managing Authority after agreement with the European Commission. Categories of Region and Priorities do not apply to EAFRD and funding under this stream is only eligible to be spent in the rural areas of Devon and Somerset.

The current ERDF position in the Heart of the South West is that out of a total allocation of £53.6m

- £21.6 million ERDF has been formally contracted across 17 projects; and
- 15 proposals with a total value of £28 million are in the business process.

The ERDF programme is therefore 92% committed, or in the pipeline.

The current ESF position in the Heart of the South West is that out of a current total allocation of £39.8m, £21.6m has been formally contracted across 12 projects. In addition, a further £14.6m of calls are currently live, either through open calls, or the Education and Skills Funding Agency opt-ins.

The ESF programme is therefore 90% committed, or in the pipeline.

The current EAFRD position in the Heart of the South West is that out of a total allocation of £15.5m, £2.6m has been contracted to date across 12 projects, with a further £27m worth of projects under consideration (either under assessment, appraisal or in the process of being contracted). No further calls are planned as it is likely that this programme will spend to or exceed its limit.

The EAFRD programme is therefore fully committed, inclusive of pipeline projects

In total, the HotSW allocation of EU SIF grant funding is £108.9m, of which around £7.6m remains to be allocated through calls which are not yet live.

In total approximately 93% of EU grant monies are committed and consequently only 7% remains unspent.

I would make the following observations:

- This is a good position to be in at this point in the EU funding cycle and it provides confidence that EU monies allocated to the region will be committed by December 2020.
- Devon County Council is not responsible for issuing calls, rather this is the responsibility of the respective managing authorities for each of the three funds. In the case of ERDF this is MHCLG, for ESF this is DWP and for EAFRD this is DEFRA.
- Devon County Council has supported the delivery of EU funded projects across the county by acting as the accountable body for a range of projects that support businesses and upskill the workforce. The Council has taken on the risks and cash flow obligations to ensure that as much EU funding as possible is targeted to benefit Devon.
- The processes and timescales involved in contracting EU funds are not straight forward. The due diligence that is part of the contracting and procurement processes required by the managing authority have also led to delays in some projects for these funds being awarded and this has impacted on the level of spend being allocated.
- Fluctuations in the exchange rate occur throughout the programming period. At present we anticipate that this will mean further funds will be allocated and we expect to receive information from the relevant managing authorities in due course.

4. Automated and Electric Vehicles Act 2018

<http://www.legislation.gov.uk/ukpga/2018/18/part/2/enacted>

The Automated and Electric Vehicles Act 2018 has two main Parts.

Part one relates to insurance for automated vehicles. In order to boost the development of more ‘intelligent’ cars, the Act makes provision so that in the event of an accident and compensation claim involving a driverless vehicle, any compensation for those affected will be paid through the vehicle owner’s motor insurance. The manufacturer will not be liable.

The second part of the Act aims to help deliver the Government’s aim for almost every car and van to be zero emission vehicles by 2050 and increase uptake of electric vehicles.

Currently, there is a multitude of payment methods and access restrictions preventing drivers from easily using different public charging points. A driver would need several different accounts, charge cards, phone apps etc to charge their vehicle. Some charge points are exclusive to a single vehicle manufacturer or to a specific type of charging connector, which limits the accessibility and ease of charging. Other local authorities who have been quick to adopt new technology have therefore suffered from not having a universal product. The Act will regulate this better and provide a common and simpler means of access and payment at public charge points to improve the consumer experience of electric vehicle charging. It will also make available information about charge point performance, maintenance and availability.

To date in Devon we have resisted progressing on-street electric vehicle charging for the above interoperability reasons and payment complications but also due to

issues around maintenance of infrastructure and health and safety implications relating to trailing leads on the highway. This is a similar view taken by other local authorities, with a preference instead for focusing on off-street parking provision.

In Devon, there are a number of off-street car parks where charging points exist, and we are making provision for more off-street sites. This includes the planned Park and Change site near Exeter Science Park and we are awaiting the outcome of a DELETTI EU-funded programme bid which, through working with District Councils, would see expansion of electric charging sites across the County.

The Act also includes regulations prescribing that major fuel retailers and motorway service area operators provide public electric charging points. This is expected to result in an increase in the roll out of public charging points.

In summary, Devon County Council are keeping abreast of developments in both autonomous vehicle technology and we are engaged in InnovateUK programmes aimed at trialling ultra low emission vehicle charging initiatives. We are willing to work with private sector partners to fund, test and develop innovations but we need to take a cautious approach, ensuring that what we introduce is appropriate in terms of the type of infrastructure that is installed, its accessibility and its safety in relation to the highway. The Act makes provisions which should help address these concerns and offer a more positive experience to the consumer.

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Cabinet Member for Economy and Skills