

Report of the Cabinet Member Economy and Skills

1. Introduction

I have been asked to report by Members as follows:

By Councillor Hannaford, for *'an update on Appledore Shipyard, including information on possible closure, future business, and ongoing community and parliamentary activity'*.

and

By Councillor Shaw, about *'The Council's efforts to save the air services provided by Flybe from Exeter Airport'*

2. Appledore Shipyard

As Members will be aware, Babcock International announced on 21 November that it had taken the difficult decision to exit operations at its Appledore facility in Devon, with the intention to end its current site lease in March 2019. The announcement marked the end of a 12-year occupancy by Babcock.

With regards to employment, we understand that 199 people are currently employed at the Babcock site in Appledore, with a significant number of these currently on short-term redeployment to Babcock's Devonport site. As part of their closure announcement, Babcock outlined its intention to offer all staff members an opportunity to transfer permanently to their Devonport facilities, though we are awaiting the details of this offer at the meeting of the 13 December.

Whilst this position is clearly welcome, both ourselves, wider stakeholders and partners remain concerned about the implications of the closure for the Torridge area more widely, and the fate of the shipyard itself. This includes both a loss of activity in terms of local GVA and related business rates and other incomes.

Since the announcement of the proposed closure therefore, officers have been working closely with a broad array of local partners, including Torridge District Council, South West Business Council and Jobcentre Plus, to prepare for next steps around the site. This has included highlighting our concerns regarding the future of the site to Babcock and wider stakeholders; setting out our support for ensuring the optimum outcome for employees and apprentices at Babcock / Appledore; and outlining the potentially significant economic impact that Babcock closure may have on the wider economy of Torridge. As far as practicable, the Council has indicated its strong support for the retention of skilled shipbuilding and marine sector jobs in the Torridge area, in particular any opportunity to sustain related apprentice and training activity.

As part of this approach, Devon County Council Economic Development Officers are due to meet key regional partners for a working group session regarding the Shipyard scheduled on 13 December. This group will include representatives from Babcock International and Torridge District Council, as well as a wider array of public and private sector stakeholders. We expect to learn more at this meeting regarding Babcock's future intentions as the lessee of Appledore shipyard.

In addition to direct engagement, the authority has also engaged with local MPs on this matter over recent weeks, including Geoffrey Cox – the local Member, and Peter Heaton-Jones, the Member for the neighbouring constituency of North Devon, offering the County Council's full support.

Both MPs have actively engaged with Government over the future of Yard and have held meetings with Babcock International's Chief Executive and with representatives of the shipyard workers. Mr Cox has also met with the Defence Secretary who (as reported in the press) offered to bring forward a £60m package of work for Babcock at Devonport to help provide additional work for the Appledore workers. Unfortunately, no assurances were received from Babcock that it would keep the yard open. It is understood that further efforts have also been made to try to find an alternative owner for the yard.

3) Flybe / Airport

Devon County Council is currently working closely with partners around ongoing developments at Flybe Ltd / Exeter Airport.

As Members will be aware, the airport is a crucial asset for the County, supporting the employment of around 1,800 skilled individuals; contributing around £150m of GVA to our local economy; and acting as a critical transportation and investment hub for the wider South West. As such, ensuring the airport's ongoing health and sustainability is an economic and development priority for the local area.

In light of this, and following press coverage of potential challenges emerging for Flybe / options around a future sale, partners collectively wrote to Christine Ourmieres-Widener (Flybe Chief Executive) on 31 October to express our collective support for the company's activity. This included an open offer to explore additional projects linked to the company's Training Academy, and a shared determination to pursue surface access enhancements to the Airport itself. This offer has since been followed up by initial meetings with Flybe, Rigby Group, Exeter City Council, East Devon Council, Exeter College and Exeter University to discuss potential opportunities for joint working, with work currently in progress.

Alongside exploration of partnership opportunities, the Council is also supportive of wider activity being undertaken by Flybe and Exeter Airport with Government. This includes a recent visit by Baroness Sugg, Parliamentary Under Secretary for Transport, at which a range of topics and opportunities were discussed.

Devon County Council and its partners are however aware that decisions around Flybe and its services will ultimately be a matter for the Company and its Board. For its part, Flybe has provided significant reassurance around the health of the business and its commitment to the airport over recent weeks, including clearly setting out its rationale for exploring potential sale as one option for preserving local capacity. Partners have welcomed this approach to date, but recognise the need to remain closely engaged with Flybe and the Airport over the next period

to ensure. whatever the outcome, it is in the best interest of our shared community.

Councillor Rufus Gilbert

Cabinet Member for Economy and Skills