

Report of the Cabinet Member for Economy and Skills

1. Introduction

I have been asked to report by Councillor Hannaford as follows:

- *on the new contract awarded to BT, that allows them to erect thirty-five-foot telegraph poles, often just outside people's homes, without any consultation to DCC, local residents or through the planning process, to improve connectivity;*

And

- *on the recent spate of big regional Job losses, that currently total 1,300. These include Appledore Shipyard, Clarks, British Ceramics etc. Perhaps an analysis from our Economic Unit, help being given by Job Centre Plus, also other factors such as Brexit uncertainty. Furthermore, do we have access to the current trends, especially are we also seeing job losses in small and medium sized businesses. Also perhaps the latest in terms of what will replace EU economic development funding.*

2. Broadband and Telegraph Poles

Openreach embarked on a "Fibre First" programme in February 2018 to upgrade its entire UK network to ultra-fast broadband. Locally, the intention is for coverage across Exeter City by the end of 2020. It is their own commercially funded network and not an awarded contract.

Many locations across Exeter already have some form of poled cabling. Public concerns have however been raised in Pennsylvania and Exwick both of which have an in-ground copper cable telecommunications infrastructure. Concerns have also been aired in some other parts of the country where Openreach are erecting fibre poles (e.g. Bristol, Cardiff, Liverpool and Manchester).

Whilst concerns are reviewed, a stop has been placed on erecting more poles in any locations where none currently exist. Openreach has agreed to remove the poles already erected in Armstrong Avenue, pending an evaluation of the alternative options such as a narrow form of trenching.

Fibre poles are classed as 'telecoms infrastructure' under permitted development rights and do not require planning permission. This is covered in the Town & Country Planning (General Permitted Development) (England) (Amendment) Order 2018. Up to 2013, new infrastructure had to be in-ground, however this was removed for 5 years. In the most recent amendment the requirement for in-ground installation has been permanently removed.

A notice of "proposed telecommunications development" should be displayed in the locality where fibre poles are to be erected, 28 days before installation. It identifies what is being installed, under what legislation, a contact address and the planning authority informed.

A condition exists in that, 'the visual impact of the development on the surrounding area is minimised, so far as practicable'. The stated height of 35ft is well below the original maximum permitted height of 15m (50ft). Openreach state they use fibre poles between 10 and 12m (33-40ft).

Liaison is continuing between the City and County Councils and Openreach.

3. Regional Job Losses

A number of companies in Devon and the wider region have announced either expected job losses, or some uncertainty about their current position. Within the Devon County Council area these include:

- Babcock, based at Appledore shipyard
- British Ceramic Tiles, based at Heathfield near Newton Abbot
- Wolf Minerals, based at Drakelands mine, Hemerdon, close to Ivybridge and Plymouth and within the South Hams.

Appledore shipyard site is currently expected to close by the end of March 2019. Mitigations and options to help the local community and explore ways of retaining shipbuilding, or marine capabilities at the site are being explored by local partners (including DCC), with a few potential options to keep staff at Appledore still being explored. This includes tentative exploration of offers from potential bidders. The local MP continues to make a strong case for retention of operations in Appledore. A task force has been formed and is underway, including DCC, Trades Unions and Job Centre Plus. Reasons given for the expected closure of Appledore are that the current orders being built at the site have been completed; Babcock is consolidating operations at its main Devonport site and that there are few current orders with the company. There has been a significant delay to the next round of Frigate commissioning by Government.

In total 198 people (at last count) were employed by Babcock at Appledore, with a direct GVA impact of £6.3m to the local economy. A further 66 jobs and £3.3m in GVA is attributable to Babcock in Appledore through supply chain and induced effects. **Babcock has stated that nobody at Appledore will need to lose their job, however, relocation to Devonport would be expected by most employees not taking redundancy.** DCC and partners are exploring avenues to keep as much of the skilled workforce in relevant employment in the Appledore area, particularly due to the strong economic and social links the company has with the local community.

British Ceramic Tiles unexpectedly closed all of its operations at the end of January 2019. Reasons cited have been an undiversified network of supply outlets, compounded by the recent loss of a contract with B&Q. A task force has been formed, including DCC and JobCentre Plus, with Learn Devon and Job Centre Plus recently holding an event in Newton Abbot to help staff affected by redundancies. Supply-chain impacts are also being felt by Devon based haulier Gregory Distribution.

In total around 330 people were employed by British Ceramic Tiles at its Heathfield site, with further jobs at the company's branch operations in West Yorkshire. These jobs had a direct GVA impact of around £6.3m, with a further 91 jobs and £4.6m GVA attributable through supply chain and induced effects. **Job Centre Plus has indicated that some of the ex-employees of British Ceramic Tiles have found or started work and some have booked onto retraining courses.**

Wolf Minerals ceased operations in October 2018. The company was heavily indebted and operations at the site were expensive to maintain. The company began to break-even, although financiers lost patience and the operation then ceased. Options to continue the

operation are still being explored, with the Official Receiver handling this case. In the event that a decision is made to restore the site to its original state, DCC holds an environmental restoration bond.

In total 242 people were employed by Wolf Minerals, with a total direct GVA impact of £20.3m. A further 143 jobs and £7.4m in GVA was attributable to Wolf through supply chain and induced effects. **Job Centre Plus indicated that to their knowledge nearly all ex-Wolf employees found work, or re-training opportunities soon after operations ceased.**

Outside of the Devon County Council area

In the locality outside of the Devon County Council area **Barden Corporation** announced the expected closure of its Plymouth operation. The site is a branch plant of German multinational Schaeffler Group. It forms part of a consolidation of plants by the company. Brexit uncertainty has been cited as one reason for consolidation. Negotiations remain ongoing regarding any UK defence capability linked to Barden. Schaeffler Group has just extended the consultation period and negotiations with potential bidders for the operation remain ongoing. Barden Corporation currently employs around 382 staff in Plymouth, with a direct GVA impact of £18.7m. A further 258 jobs and £11.8m in GVA is attributable to Barden through supply chain and indirect effects.

In the wider region **Clarks shoes**, based at Street, in Somerset (a significant distance from Devon and located in a different Travel to Work Area) announced in January 2019 that it is consulting with staff about shutting its recently opened robot-assisted “Morelight” plant, which re-shored some manufacturing operations from overseas. The factory was expected to create as many as 80 jobs when it was launched, however, it has failed to hit targets and the 49 staff currently employed at the facility are in a 30-day consultation period that will potentially result in closure. Job Centre Plus and Somerset County Council will be working with Clarks Shoes. Employment and GVA impacts of Clarks are unknown.

Potential changes to Devon based company operations

Premier Foods currently owns and operates the Ambrosia plant at Lifton in West Devon, which makes Custard and Rice Pudding. It employs around 278 staff, has a direct GVA impact of around £14.4m and a further 1,124 jobs and £34.5m in GVA impacts are attributable to Ambrosia through supply chain and induced effects. The company recently announced that the operation was up for sale due to company restructuring and that there were some potential interested parties. However, it also stated that if the plant was unable to be sold it would remain open. This sale has now been pulled by the Premier Foods and is on hold. Unions have issued a statement saying that this is good news. **The site remains operational.** No further announcements made.

Flybe whose global base is at Exeter Airport announced in November 2018 that it had put itself up for sale, following a profits warning. Issues cited include a challenging global aviation market, particularly impacted by high fuel prices and a highly competitive market, with many players. More recently a potential buy-out has been announced, to be confirmed by the end of February 2019, with the buyer as a Stobart Air / Virgin Atlantic consortium. Currently around 1,000 staff are employed in a range of facilities at Exeter Airport, or use it as their base. This results in a direct GVA impact of £90.6m, plus a further 884 jobs and £45.8m attributable to Flybe’s supply chain and induced effects in the wider economy. **Assurances continue to be sought by partners (including DCC) and work is ongoing to safeguard and enhance Exeter Airport and passenger operations there.**

Devon's labour market

Devon's labour market currently remains tight with many companies experiencing difficulties in recruiting staff. The percentage of the working age population claiming unemployment benefits remains historically low at around 1.2% (around half the national average). Modelled unemployment levels are also low at 2.4% of the working age population, again significantly lower than the national average.

European funding and UK potential replacements

We are currently awaiting a Government consultation on its proposed Shared Prosperity Fund which is expected to replace elements of the current EU structural funds. Current EU structural fund programmes such as ERDF and ESF are scheduled to continue post-Brexit, underwritten by the UK Government.

Councillor Rufus Gilbert

Cabinet Member for Economy and Skills