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| Meeting: | Education and Economy Scrutiny Committee |
| Date: | 21 November 2019 |
| Title: | Supporting Gwynedd businesses to respond to Brexit |
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1. Introduction

- 1.1 This report is presented at the request of the Scrutiny Committee. The report outlines how the Council and other organisations are raising awareness amongst businesses of the implications of the UK's decision to leave the European Union (Brexit) and supporting them to overcome any resulting obstacles.
- 1.2 The report is an update of an item submitted to the Committee on 22 November 2018 (see: [hyperlink](#)).

2. Background

- 2.1 On 23 June 2016, 51.9% of the UK electorate voted in favour of leaving the European Union (58.1% of the Gwynedd electorate were in favour of remaining in the Union).
- 2.2 On 29 March 2017 the Westminster Government formally notified the European Union of the UK's intention to leave the Union, thus triggering the procedure set out in Article 50 of the Lisbon Treaty.
- 2.3 Following three delays, it is now anticipated that the UK will leave the European Union on 31 January 2020.

3. Implications of Brexit for Gwynedd businesses

- 3.1 The likely impact of Brexit on individual businesses - and the wider economy - can be split into two parts:
 - the direct impact arising from Brexit in the short / medium term; such as changes to the administration relating to exports, the need for workers from the European Union to register to stay in the country, changes in the condition of the market as a result of customs etc.; and,

- the indirect impact that will follow in the medium / long term as a result of the reduced economic growth anticipated as a consequence of Brexit.
- 3.2 The Council's work in supporting Gwynedd businesses attempts to address the short-term and long-term effects of Brexit, but of course, the Council's main focus at present is on raising awareness of the support that is available for businesses to alleviate and cope with the impacts of Brexit in the short term.
- 3.3 An analysis by Grant Thornton on behalf of the Welsh Local Government Association of the potential effects of Brexit on individual counties supports the above, and suggests (see: [hyperlink](#)):
- that it is the agriculture, manufacturing, car manufacturing, wholesale and retail sectors that face the greatest risk from Brexit; and that the agriculture sector is a particular priority for Gwynedd given its scale in the county;
 - that the higher rate of individuals who are on lower pay in Gwynedd is a weakness;
 - that the number of European Union nationals in Gwynedd has already decreased since the 2016 referendum (employers have reported to us that this is mainly because of the decrease in the value of the pound).

4. The Council's Response to the direct impacts of Brexit

4.1 *Receiving businesses' feedback*

The Council is continuing to hold regular discussions with the county's businesses to receive their feedback regarding their concerns about Brexit.

The matter is discussed regularly at the Gwynedd Business Forum and also in forums such as the Destination Management Partnership (tourism) and the care sector group (led by the Adults Department). The Department is also having regular discussions with the Farmers' Unions and is in contact with the main employers in the county.

4.2 *Influencing on behalf of Gwynedd businesses*

The Council is working actively, both individually and jointly with others through the North Wales Economic Ambition Board and the Welsh Local Government Association, in support of Gwynedd businesses' needs and the county's economy more widely.

More recently, the Council has responded to the Welsh Government's consultation on their proposals for supporting the agriculture sector after Brexit; and the Department's officers are proactive members of a number of Welsh Government working groups that discuss what is desired in terms of successor programmes to European funding.

4.3 *Increasing awareness amongst local businesses of the implications of Brexit and the need to act*

The Council is undertaking/has already undertaken a range of activities to raise awareness with local businesses of the implications of Brexit and the need to act. A specific section has been set up on the Council's website (see: [hyperlink](#)) which directs businesses (and residents) to sources of information and advice on the implications of Brexit.

Relevant information is shared and promoted through the Council's business support social media (twitter.com/busnesgwynedd) and through the newsletters of the Gwynedd Business Network. The Council has also been/will be releasing press statements regularly, encouraging the county's businesses to undertake practical steps to prepare for Brexit.

4.4 *Promoting and providing support for businesses to adapt in light of Brexit*

The Council actively promotes any support available that could help Gwynedd businesses to adapt following Brexit, in order to ensure that as many as possible take advantage of the support that is available.

The Business Wales Brexit Portal provides the latest information and advice to businesses on a range of matters associated with Brexit (see: [hyperlink](#)). The site includes a diagnostic tool to assist businesses to identify how well they have prepared for Brexit and suggests steps they should take to increase their resilience, and it also refers them to additional sources of support.

The Welsh Government has recently launched a Brexit Resilience Fund worth £6 million which is available to businesses in Wales, to help them to adapt to the changes in the post-Brexit Welsh economy (see: [hyperlink](#)). The £6m includes £5 million worth of loans through the Development Bank of Wales to support businesses that wish to invest to cope with Brexit. A capital grant fund of £1 million, which is administered by Business Wales, will be available in conjunction with the Development Bank loan.

The Council now also has a financial support package in place that can support businesses to target new markets and create employment. The 'Support for Enterprise' package (see: [hyperlink](#)) can provide practical or financial support to help businesses to overcome the barriers that prevent them from growing and creating work.

The Employability Programme by the Economy and Community Department has revised its activity to support Gwynedd businesses to respond to Brexit. By working with employers in key sectors such as tourism, the Programme is supporting unemployed local residents to secure the skills required by local businesses.

5. The Council's Response to the long-term impact of Brexit

- 5.1 The long-term impact of Brexit is less certain; however, there is consensus amongst economists that the economy will grow at a slower rate in the coming years as a result (Grant Thornton estimate that a 'soft' Brexit will lead to a 1.1% decrease in the Gross Value Added of the Gwynedd economy, with a 'hard' Brexit leading to a 2% decrease).
- 5.2 The threat of Brexit has led the Council to continue with and intensify our efforts to support the local economy by supporting major sectors within the economy to innovate and increase the value of the employment that they offer and create the right conditions to help businesses in fields that offer well-paying jobs to establish and grow in Gwynedd.
- 5.3 To this end, the Economy and Community Department has recently re-arranged its structures and has added business support to its economic development programmes (which also include rural development, higher value jobs and employability), and has established an individual team in response to establishing the Regeneration Board.
- 5.4 The Council also continues to be an active partner within the North Wales Economic Ambition Board. Implementing the Board's programmes to achieve inclusive growth to develop the economy will also be of key importance in supporting businesses to overcome the long-term effects of leaving the single market.

6. Next Steps

- 6.1 The Council will continue to work with the private sector in order to have a better understanding of the implications of Brexit. It is assumed that the situation will be clearer by 31 January 2020 which will enable local businesses to plan for the future.
- 6.2 The Council will also continue to work with other local authorities through the Welsh Local Government Association and the North Wales Economic Ambition Board in order to continue with the task of supporting our businesses to the future.