



Black Country Local Enterprise Partnership (LEP) – Business-Led Brexit Asks of Government

This publication is endorsed by the Black Country Chamber of Commerce, who have worked in partnership with the LEP in this document's development.

Aside from the polarisation the referendum produced, Britain's decision to exit the European Union is set to change the way businesses trade, recruit and are funded for years to come. It's imperative that regions like the Black Country have a voice in Britain's Brexit negotiations, particularly the voice of local business. Firms of all sizes and across industries need certainty and the right business environment to support sustainable success - driving growth in the local economy.

In recent months Black Country LEP has engaged with key local businesses to obtain intelligence on firms' thoughts, concerns and needs regarding Brexit and its potential impact on their operations. The result of this business engagement is the development of eight key Brexit asks of government from the Black Country's business voice. We feel these are realistic, necessary and really hone in on some specific actions which would ease the growing pressures of Brexit on local businesses.

The Black Country's Key Asks of Government on Brexit

1. Clarify your expectations of future trading relationships and trading conditions, allowing businesses the ability to plan for a successful future.
2. Give greater practical support from government resources (e.g. BEIS personnel) to the Black Country, supercharging business support for opportunities post-Brexit. Strong, powerful guidance is needed at sufficient scale to steer us to success, ensuring we produce a significant return on investment and can fulfil our ambitious targets locally.
3. Minimise the impact of non-tariff barriers and logistical delays via a smooth customs arrangement with the EU, making resources available to clarify and demonstrate any enforced change to the current state.
4. Revamp and expand the role of DIT within local economies to reverse a lack of confidence in exporting worldwide. Through modernisation, the bulking up of resources, and quality improvements, DIT should assist all efforts by businesses to export their goods and services.
5. Provide guarantees on the equal rights of EU labour in the UK, both assuring EU citizens of their valuable place in our society, and satisfying employers of continued access to workers.
6. For when the supply of a permanent vacancy clearly meets the demand of a non-UK worker, develop a more seamless system for employers to recruit from overseas. In particular:
 - Improve the ease and efficiency of application processes
 - Improve the connection between UKVI and employers (e.g. through an online portal)
 - Re-visit the need of the Shortage Occupation List, ensuring it reflects the needs of industry
7. Announce further detail on the replacement of EU funds post-Brexit, taking this opportunity to create a more flexible and less bureaucratic system which is easy for firms to access.
8. Develop a strategic focus on building a stronger domestic workforce and on driving the growth of re-shoring, helping the Black Country combat against the threats, and embrace the opportunities, of Brexit.

Government action on the above will allow the Black Country economy to flourish post-Brexit. Our businesses are ready to adapt and thrive within this uncertain future, but we feel that changes in the given areas will provide an extra boost to the local economy in the short, medium and long-term. The right action will be essential for the LEP to drive a successful 'local industrial strategy' with an agenda we can all wholeheartedly support.

Process

Our approach initially was to host a 'Black Country Brexit Roundtable' with a small number of local business leaders spanning key sectors (such as manufacturing and retail), and this has evolved into the LEP's Brexit group, which continues to meet quarterly. Having an honest, tight-knit conversation with businesses in a small group has allowed us to fully understand the real concerns firms have, and some specific issues that may be holding them back from maximising their potential.

Hearing directly about the specifics led to the development of the above asks, and we feel these reflect the needs of the Black Country's business base across a number of policy areas. This has been broadly validated from wider conversations with businesses and partners, notably by the Black Country Chamber of Commerce, who are endorsing this document and have played a key role in its development. We felt it was important to work closely with the Chamber on developing a set of genuine and unified asks, producing a single, strong Black Country business voice on the issue of Brexit. More broadly, this reflects ever growing partnership between the LEP and the Chamber locally, confirming our united ambition of maximising business growth and prosperity in our region.

The intelligence gathered falls naturally into three main categories: the impact of Brexit on trade; the impact of Brexit on labour; and the impact of Brexit on funding. Below we summarise the business intelligence we have received thus far, organised into these three categories. This displays where the evidence of the key asks has come from; further evidence of the gathered intelligence is available on request.

Summary of Intelligence

Trade - Intelligence

- The low pound is helping exporters, but not as much as it should be. A devalued currency cannot be relied upon either, and any increased value in the pound may reveal the real uncertainty in the economy.
- Current low domestic confidence is a central issue. Low confidence is thought to be caused by a lack of certainty from government; businesses need more certainty in order to be able to make decisions, and invest, with confidence
- Some businesses have reported hostility to themselves as UK suppliers from EU customers. Certainty is needed to ensure EU customers that business can remain the same/similar post-Brexit.
- Confirmation and details of a transition period would be helpful for business certainty.
- More generally, there's not enough civil servants on the ground in the Black Country helping businesses (e.g. only 5 international trade advisors in the locality).
- Re-shoring has been identified as a key opportunity post-Brexit and this must be supported.
- A smooth customs arrangement is vitally important for future trade, possibly more so than tariffs (of which businesses broadly know the level of cost).

Trade – Asks

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3. Minimise the impact of non-tariff barriers and logistical delays via a smooth customs arrangement with the EU, ensuring resources are available to clarify and demonstrate any enforced change to the current state.
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Labour – Intelligence

- There appears to be a reduction of EU workers coming to work in the UK already, and a “trickle” leaving the UK to return home. For the most part, this is probably due to Brexit; more assurances need to be made on EU workers’ status here.
- Huge concern within businesses over this loss of labour, with suggestions that growth within firms could be damaged.
- The UK skills system is not currently producing enough good quality candidates to fill jobs; actions need to be taken now on the skills system in order to deal with long-term skills shortages.
- Processes for immigration are seemingly getting harder over time, when it was agreed that they should get easier. This is particularly important when UK labour supply isn’t sufficiently filling a job, and a worker from abroad is proficient for the vacancy.
- Real issue of ensuring EU citizens feel welcome – the general agreement and experience is that as a country we are not doing enough; improvement on this should be led from the top by government/politicians.

Labour – Asks

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Funding – Intelligence

- Many projects locally have been heavily reliant on EU funding in the past, particularly through structural funds.
- Whilst the UK Shared Prosperity Fund is proposed to replace EU funding, there are concerns over the detail of this and whether the impact of it will reach the whole of the UK.

- Criticism of the accessibility of EU funding to SMEs – Brexit gives an opportunity for the UK to create a more flexible, less bureaucratic post-Brexit funding system.

Funding – Asks

7. Announce further detail on the replacement of EU funds post-Brexit, taking this opportunity to create a more flexible and less bureaucratic system which is easy for firms to access.

Other – Asks

8. Develop a strategic focus on building a stronger domestic workforce and on driving the growth of re-shoring, helping the Black Country combat against the threats, and embrace the opportunities, of Brexit.

Setting out our gathered evidence confirms our propositions as very much intelligence-led. Our suggestions for government have not been decided by one person or one institution, but through formal discussions with local businesses; those on the ground driving the Black Country economy.

A wider issue we are increasingly investigating is the scale of overseas land and property ownership in the Black Country, and the potential impacts on this post-Brexit; recent HM Land Registry data shows that 667 land/property is owned by overseas companies in our region. One of our future activities will be to look deeper into how significant a number this is in the context of Brexit and how Britain's departure may impact the presence of foreign ownership in the Black Country.

The Black Country's Offer

As a LEP we are committed to our vital responsibility in driving growth in the Black Country, including the implementation of a 'local industrial strategy' in partnership with our neighbours through the West Midlands Combined Authority. The LEP is thankful of the government's support thus far, but would welcome action on the above to fully prepare our locality for the future – mitigating the risks and embracing the opportunities of a post-Brexit economy.

In return for action on the eight asks we have outlined, Black Country LEP will more successfully deliver faster growth in GVA, stronger productivity and more quality jobs in the Black Country. Underpinned by a robust local industrial strategy, and building on our existing strengths, this will produce a vastly improved region for the businesses, workers and residents of the Black Country to enjoy, and we're sure the case is similar for other parts of the country.

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