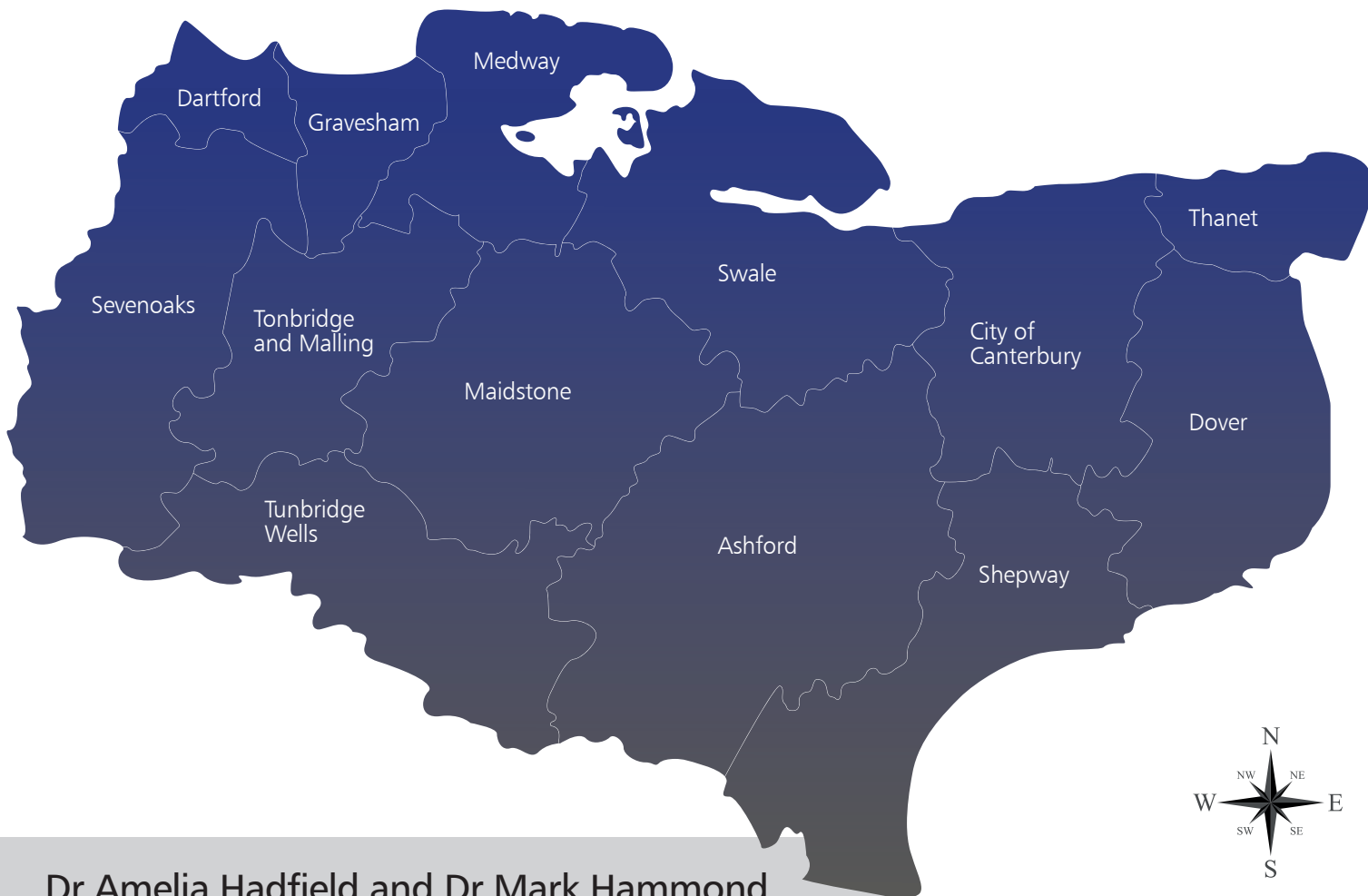


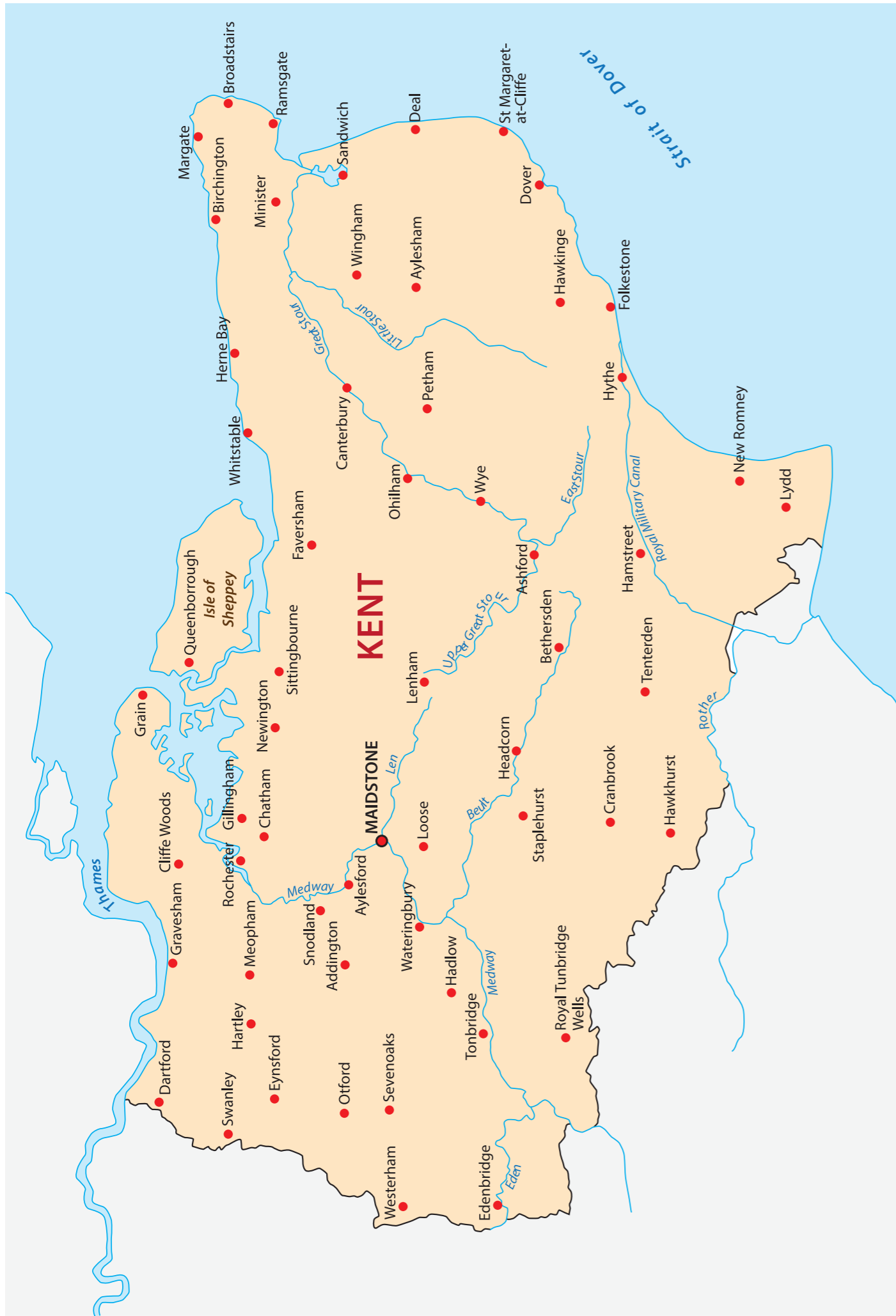
KENT AND MEDWAY: MAKING A SUCCESS OF BREXIT

A Sectoral Appraisal

12 December 2016



Dr Amelia Hadfield and Dr Mark Hammond
Politics and International Relations Programme
Canterbury Christ Church University



CONTENTS

PAGE

■ Executive Summary.....	8
■ Business and Commerce	16
■ Agriculture	20
■ Tourism and Heritage	22
■ Policing and Security	24
■ Higher Education	26
■ Healthcare	28
■ Environment and Energy	30
■ Local Government	32

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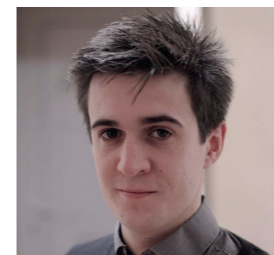
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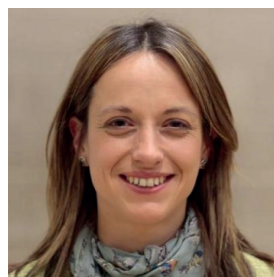
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KENT AND MEDWAY: MAKING A SUCCESS OF BREXIT A SECTORAL APPRAISAL HOST: HELEN WHATELY

M.P. for Faversham and Mid Kent

“Britain is leaving the European Union. That may seem like stating the obvious, but some people still seem to be in doubt. The facts are that the Government was elected on a manifesto promising a Referendum, Parliament voted to hold that Referendum, and the British people voted for Brexit. The Government must see that through. So the questions to ask now are about what our Brexit will look like: our future relationship with the European Union, and our relationships with countries outside the EU. Right now, there are inevitably uncertainties. We are about to embark on a lengthy negotiation and only when that is complete will we really be able to the answer those questions.

Some people want the Government to reveal more of its strategy for the negotiations. Before I was an MP, one of my jobs was to negotiate international deals between companies. I learned that you should never reveal your ‘red lines’ and bargaining chips to the other party, as that destroys your bargaining power. The same must apply to the Government. The broad aims can be shared, controlling immigration while ensuring the best possible access to the single market, but it’s not in the national interest to tie the Prime Minister’s hands in advance.

However, I wouldn’t be doing my job if I didn’t push for the best possible deal for the people I represent. In September 2016, I held a town-hall meeting to ask some of my constituents directly what they want from Brexit, both ‘leavers’ and ‘remainers’. It was clear from the conversation that people have very different ideas of what the outcome should be. While access to the single market was important to some, others called for a revival of British manufacturing. Some people wanted stronger powers to deport foreign criminals, others wanted assurances that we would continue to collaborate with the EU in tackling climate change. Other concerns were future EU funding for research, the status of seasonal farm labourers and the desire among parents for their children to be able to study on the continent.

I welcome the initiative taken by Dr Hadfield and Professor Hammond at Canterbury Christ Church University and others involved in this report. There are many decisions to be made during the negotiations, and no doubt there will be trade-offs. Their work will help us go beyond the informal gathering of opinions, to a more thorough understanding of how Kent may be affected and what we should argue for. I look forward to drawing on this work as I press for a good deal for Kent.”

Helen Whately

Helen grew up in Surrey, and studied Philosophy, Politics and Economics at Oxford University. She is married and has three children.

Prior to becoming the M.P. for Faversham and Mid Kent in 2015 with more than 50% of all votes cast, she established her career in business and healthcare. She has worked with NHS hospitals, advised healthcare regulators and commissioners, worked on healthcare policy, run a business unit at AOL Time Warner, and trained as a management accountant at PricewaterhouseCoopers.

Currently, Helen chairs both the All Party Parliamentary Group for Mental Health, and the All Party Parliamentary Group for Fruit and Vegetable Farming. She also works as the Co-Chair of the All Party Parliamentary Group for Health, and as the Vice Chair of the All Party Parliamentary Group for Women, Peace and Security. Since July 2016, onwards Helen has served the Parliamentary Private Secretary to the Minister of State at the Department for International Trade (DIT), Greg Hands.

She also recently called for a pilot of the Seasonal Agricultural Workers Scheme, and a guide on the legal right to stay in the UK.

MAKING A SUCCESS OF BREXIT FOR KENT AND MEDWAY EXECUTIVE SUMMARY

INTRODUCTION

1 In the 2016 referendum of June 23, the people of Kent voted decisively by 59% to 41% to leave the European Union. Brexit is the future, and Kent and Medway are now at the forefront of the debate on the opportunities and changes that lie ahead for the UK, as we plan for a successful future outside the European Union. This report sets out how Brexit could unfold across the key sectors of Kent and Medway. It is also of course only an initial snapshot, as our work will continue throughout 2017 to understand the issues and identify the opportunities. We want to support an open and objective debate on the ways in which national government and regional leaders can work together to deliver a successful future for everyone across the whole of Kent and Medway. The report has benefited from contributions, comments and suggestions from a wide range of stakeholders across and beyond the county. From May 2016 onwards, we have worked to distil this wealth of material into a balanced and accessible document with the aim of stimulating debate and enhancing insights on this most complex of contemporary issues. While we believe that the information here has been sourced accurately and objectively from those many contributors, the use and understanding of the material is that of the authors.

KENT : AT THE FOREFRONT OF BREXIT

2 Kent and Medway have long been at the forefront of the UK's relations with mainland Europe. Whether as a gateway to Europe for both British and European exports, or as the garden of England representing the unique heritage of the south east, few parts of the country have the historic breadth and strategic depth of experience in its connections with Europe as Kent. Accordingly, the county has a fundamental stake in making a success of Brexit. Indeed, because of its long-standing experience and expertise, Kent and Medway can make a vital contribution to the emerging national strategy for making Brexit a success. Released at the end of one of the most turbulent years in British political history, after wide-ranging consultations, this report aims to make a specific contribution toward that very goal, at both regional and national level.

3 If we are to make a genuine success of Brexit for all within our communities across Kent and Medway, we must ensure that we take fully into account the various concerns that lie behind the vote for Brexit. Our economic prosperity, governance structures, and social cohesion are fundamentally connected.

4 The strategies and policies we look at adopting to make Brexit a success for Kent must work for everyone and all our communities. We need an inclusive approach which recognises peoples individual needs across the region and respond to the opportunities of Brexit in an equitable way. Accordingly, reports like this have a duty of care to highlight these issues, and to support policy-makers in finding suitable methods by which to ensure we address them in ways that are both practical and sustainable.

5 As we consider nationally the challenge of retaining, replacing or altering the body of EU rules and regulations, we should look in Kent and Medway for opportunities to improve prosperity through the small and medium-sized businesses which are the backbone of our regional economy, and vital to the social cohesion of local communities. Equally, we need to retain those funding and policy structures that help preserve the environment, and make sustainable the agriculture, horticulture and tourism industries in our countryside. We also want our transport systems – which are a particularly vital public good in Kent - to remain fluid and effective in facilitating the movement of goods, vehicles and people. Alongside these requirements, we need key public services including policing and healthcare, as well as other vital contributors to society including higher education, and energy production to be capable of supporting the wide-ranging needs of both communities and individuals. Brexit will undoubtedly present a range of challenges in each of these key areas for Kent and Medway. But it will also offer significant, possibly unanticipated opportunities, all of which we must be prepared to recognize, and respond to positively.

6 This report is designed to contribute to the current agenda by promoting insightful and balanced debate on key issues, which in turn can suggest a range of collaborative strategies, both sector-specific, and appropriate for Kent and Medway as a whole, which can in the medium and long term make a material success of Brexit. We look forward to sharing the work to date, and building in particular on the positive partnerships that we have established with local organisations and individuals, in creating a constructive dialogue with central government on behalf of Kent and Medway.

BACKGROUND TO THE REPORT

7 In May 2016, the Centre for European Studies (CEFEUS) at Canterbury Christ Church University convened a high-level working group to examine ways in which staying or leaving the EU would affect Kent and Medway. Leaders from business, agriculture, health, transport, police, local government and the universities from across the region debated a wide-range of issues, and elected to publish a short report of their collective viewpoints regarding the local dimensions of the Brexit debate.

8 Following the outcome of the June referendum, with the support of key stakeholders, CEFEUS elected to commission further work from a wider range of business, institutes and individuals. The goal was to build on the first report, and set out in greater detail the possible sectoral impacts, opportunities, and ways in which local and national government could support efforts to make Brexit a success for everyone in Kent and Medway. A second workshop in September 2016 again helped debate these key issues amongst both a widened group of stakeholders and with a more extensive range of data, agreeing an approach for finalising and launching the report.

KEY CROSS CUTTING THEMES

9 In examining each of the sectors below, we have sought first to identify the current state of play, then examine the various opportunities and changes which may occur under Brexit, concluding with specific methods by which national government could work with a range of leaders in Kent and Medway to promote the appropriate conditions by which to ensure Brexit can operate as a success for communities and businesses alike. In examining the factors key for these various sectors, three cross-cutting themes emerged, which we have categorised below as 'Money', 'Movement' and 'Making Rules'.

MONEY

10 Although the UK has been a net contributor to the EU budget there have been important areas where funding has come back to Kent in both visible and viable ways. Principally, this includes farmers and growers under the Common Agricultural Policy, income from which amounted to c. £45 million in 2015/16. In addition, local government, and Kent County Council in particular has been successful in bidding for EU Structural Funds programmes - in the 2007-13 programming period some £35 million flowed into the county. In terms of overall economic development, Kent and Medway have therefore secured some £57 million of EU funding to date under the current 2014-2020 budget.

11 Funding has come into Kent and Medway to support a wide variety of strategic projects, including support for tourism, environmental protection, heritage, healthcare, and policing. Our best estimate of the total funding across these sectors in the last financial year is £3 million. In addition, EU-sourced funding has supported major research and development, and teaching and learning programmes undertaken by higher education institutes, including Canterbury Christ Church University and the University of Kent.

12 Given the importance of these various funding streams into Kent and Medway, we welcomed the announcement by the Government on 3 October 2016 that it would guarantee funding for those European Structural and Investment Fund projects signed after the Autumn Statement (23 November 2016), and which will continue after the UK leaves the EU. The Treasury has also confirmed that universities and businesses should continue to apply for Horizon research funding while the UK remains a member of the EU. In addition, the Treasury will match the current level of agricultural funding derived from the Common Agricultural Policy (CAP) until 2020, thereby providing more certainty to Britain's agricultural community, which as illustrated below, is vital to the economy of Kent and Medway.

13 However, making a success of Brexit also means a genuinely broad-based analysis of whether current funding structures – particularly those derived from EU programmes - can be retained, improved, or require wholesale changes to demonstrably improve the lives of Kent and Medway residents. Not every sector benefits from European funding, nor does every society or community. Much work still remains. The 2015 English Index of Multiple Deprivation ranks Kent 100th out of 152 Counties and Unitary Authorities in England, placing the county within the least deprived 50% in England, yet within the 19 South East Counties and Local Authorities, Kent is ranked 9 (within the most deprived 50%). Locally, deprivation levels in 8 out of 12 Kent local authority districts have increased since 2010 relative to other areas in England. Kent and Medway therefore represent an uneven picture in terms of regional social economics.

14 We therefore need to work hard with government to try and reduce uncertainty for our businesses and other key sectors, and make sure we seize the opportunities which will arise from Brexit for *all* our communities.

MOVEMENT

15 Kent has historically been in the front line in terms of the movement of people and goods. Kent is materially impacted by migration, in terms of both costs (e.g. provisions for unaccompanied minors) and benefits (e.g. trade flows through the Channel Tunnel and our ports). As evidenced below, the Kent workforce includes many individuals and families from mainland Europe who have made their homes here, contributing to the social and economic makeup of Kent in permanent ways (e.g. within the NHS or university staff), as well as providing seasonal support (e.g. short-term workers key to Kent's agricultural industries).

16 Resolving the status of current EU workers in Kent, understanding how a new system can best support workers equitably in different sectors and deciding how to manage the future flow of goods into, through and out of the region are all crucial questions. Again, these issues touch on the concerns expressed by many in Kent and Medway during the referendum debate. That means we should work to improve both the management of movement which supports our local economy, and the understanding of people, goods, services and capital that continues those same movements, and is part of our wider society.

MAKING RULES

17 One of the more challenging Brexit issues is how we change or retain the body of rules that make up EU regulations, directives and standards. Simply itemising the latter, and subsequently making decisions will be an enormous practical challenge for Parliament and government as a whole. The decisions taken will be crucial for both business and society (e.g. UK companies trading in the EU and globally have relied on implementing EU product standards which are then recognised by other countries).

18 There is a great deal of comment and debate now about the need for a clear plan from national government setting out its strategy for deciding which rules and standards best fit the UK in the future, and its regional needs in the short, medium and long term. Crucial to the success of this endeavour will be the government's involvement of key stakeholders across the entire range of public and private sector interests, as well as consulting areas and local communities.

TAKING THE PROJECT FORWARD

19 Alongside the many partners who have made this report possible, we want to build on what has been achieved to date and continue the dialogue across Kent and Medway. Following the 12 December 2016 launch of this report in Westminster, generously hosted by Faversham and Mid Kent M.P. Helen Whately, our intention is to reconvene the steering group in early 2017 and commission work that looks in greater detail at the key sectors examined briefly below. We hope that we can carry this work forward with county-based agencies, government departments and agencies, and Members of Parliament for Kent and Medway in advising Ministers on the most appropriate way forward for our county.

Amelia Hadfield and Mark Hammond
December 2016



HOW CAN THE GOVERNMENT HELP – THE KEY ISSUES

Every sector across Kent and Medway is keen to promote a positive dialogue with national government in order to contribute their expertise and experience about the region and contribute to the planning and decisions that lie ahead.

BUSINESS AND COMMERCE

Increase government funding for robust, sustainable business support networks, e.g. investing in services provided for businesses by the Department for International Trade.

TRANSPORT

Any future changes to the way transport operators work at the border needs to be modern, digitized and efficiency driven. Maintaining freight fluidity across Kent's ports, motorways and high-speed rail is key to preventing gridlock adversely impacting the local economy.

AGRICULTURE

Reintroduce a modernized Seasonal Agricultural Works Scheme (SAWS) to support the industry while controlling migration flows. Maintain CAP funding until a new UK focused subsidy regime is in place.

TOURISM

Increase funding opportunities in order to sustain tourism to Kent and Medway, from both EU and non-EU countries.

POLICING

Support the proposed opt-in to Europol and consider similar future membership of other European policing and judicial structures. Provide ongoing support for collaboration between Kent Police and their European partners.

HIGHER EDUCATION

Establish funding to ensure research and development, investment, teaching and learning, and mobility for UK Higher Education Institutes beyond the UK's EU exit. Consider an opt-in to all future EU funding structures. Ensure EU students are not counted within the Tier 4 category.

HEALTHCARE

Establish at an early stage a new regime for managing the migration of the many EU staff working in health and social care who will continue to be needed in the future.

ENVIRONMENT AND NATURAL RESOURCES

Integrate the plans for Brexit within the proposed DEFRA 25 year strategy for the natural environment and open a broad debate on how this can be devised and implemented. Examine the strategic contribution of Kent within the UK's environmental and energy profile (e.g. renewables).

LOCAL GOVERNMENT

Work collaboratively with local government on a range of issues including labour supply to the social care sector, trading standards regulations, access to EU waste disposal markets. In particular, seek to devise a more effective procurement regime for the public sector which produces value for money while being more flexible and open to local sourcing.

BUSINESS AND COMMERCE

WHERE ARE WE NOW?

20 We live and work in a region which has generally high employment and strong and successful local businesses. The dominant industries are located in the 'professional, scientific and technical' sector, which accounts for 17.4% of businesses and constitutes the largest grouping of its kind in the South East of the UK, and in the construction sector, representing 15.1% of local businesses. A significant majority of local firms (75.5%) are small businesses employing between one and four individuals. Almost 90% of Kent's 59,000 enterprises are micro-businesses, employing less than 10 people. In terms of employment patterns, a majority of citizens are employed in administration, education and the public sector (30%), followed by service industries (19%), financial services (17%) and the 'knowledge economy' (15%).

21 A large number of firms in the region either export products to the EU, import from the EU, or are directly involved in facilitating these transactions. In 2015, the South East exported some £19.2 billion to the EU, equivalent to roughly 47% of total exports. The South East itself is the biggest importer of goods from the EU, importing £57.6 billion of goods in 2014/15, a figure more than twice that of London's EU imports, the main sources being Germany, the Netherlands and Belgium. The EU is also the destination of four of the South East's top five export markets, while the South East as a whole represents the biggest exporter to the EU in terms of value.

22 Kent's economy is rapidly changing. Growing strengths in life sciences, creative and media, precision engineering and green technologies sit alongside more traditional sectors that have undergone renewal such as construction, the visitor economy and agriculture and horticulture. Since 2014, Kent has used over £5 million of European funding for locally-designed initiatives to support business innovation and expansion, low carbon growth, inward investment and trade. Yet while many parts of the region are successful, other areas require greater attention. At this stage, we need to remember that all our communities benefit when we address broader issues regarding the mechanics of employment (e.g. infrastructure, labour demographics, skill-sets, apprenticeships, etc.). It should be borne in mind for example that the Kent population under the age of 24 has a lower proportion of graduates than the England average, with 7% without any qualifications.

23 In terms of the economy of connectivity, transport is a particular issue for the region. The vast majority of land-based journeys to and from Europe pass through Kent one way or another. The Port of Dover handles the vast majority of vehicle traffic to the continent, and it is estimated that approximately one-sixth of the UK's total economic output derives from movements facilitated by the Port itself. Per annum, the value of trade passing through the Port is £119bn (17% of UK trade in goods), making Dover the busiest roll-on, roll-off ferry port in EU and the busiest passenger port in the UK. In 2015, 13 million passengers and 2.5 million freight vehicles travelled through the Port. In addition, the passenger vehicle and freight shuttle operator, Eurotunnel, operates out of Cheriton in Folkestone and conveys a significant proportion of road-traffic to its Cocquelles terminal in Calais. In 2014, 21 million passengers used the Tunnel; and in the first quarter of 2016, it set a record traffic volumes with 410,729 trucks carried.

24. The combined figures are noteworthy. In 2015 for instance, a total of 4,023,659 HGVs and 4,892,116 cars travelled via the Port of Dover or the Eurotunnel terminal. Any congestion and delay at the border risks putting British businesses and 'UK plc' at a disadvantage compared to our European competitors (particularly in the export and import of perishables or time-sensitive goods). Maintaining freight fluidity on Kent's motorways is important to prevent gridlock adversely impacting the local economy. Transport to both the Port of Dover and Eurotunnel is- for the vast majority of journeys - via the M2 and the M20 motorways which connect London and the M25 to Folkestone and Dover, respectively, and which traverse the entirety of Kent. In addition to the road links, the single rail-link from the UK to the continent, High Speed One (HS1), travels through Kent from Dartford to the Channel Tunnel entrance at Folkestone, with international stations at Ebbsfleet and Ashford. Kent is the only county outside of Greater London with direct rail links to the continent, with Eurostar services operating to Lille, Brussels, Paris and Marseille. The value of trade passing through the Channel Tunnel per annum is £91.4bn which accounts 25% of the UK trade with EU countries. As a result of overseas tourists using the Tunnel, it supports 45,000 UK jobs.

OPPORTUNITIES AND CHANGES AHEAD

25 At this early stage uncertainty is inevitable. Representatives from Kent firms, both small and large alike have indicated that economic uncertainty regarding inward investment, labour supply, the skills base, and supply chains connected with EU-based firms remains a real concern. Greater clarity was desired on these issues, as well as on anticipated changes between EU and UK regulatory regimes, and the knock-on costs these could incur, as well as the disproportionate effect this could have on small and medium-sized businesses. Polls of businesses have shown a great diversity of views on the trade position which they would favour post-Brexit, with no clear majority for WTO rules, a Norway model, a bespoke UK model or Canada, Switzerland etc.

26 In addition, various sectors have raised the question of access to skills and capacity in the future, including for example construction industries. Approximately 40% of labourers in the South East's construction industry come from other EU-states. The only sectors of the construction trade that buck this trend are electricians and site supervisors.

27 While the negotiations for Brexit have not formally begun, we can start to identify opportunities for business and commerce. Export markets will change and grow as the value of sterling has at present made many British goods more attractive. The government will be examining the current regulatory framework and debating whether there could be improvements for business in areas which currently derive from EU standards and regulations. In addition, analysis is needed of the impact for Kent and Medway of reducing the rate of corporation tax for both large, small and medium-sized enterprises (both those located within Kent, and those in London but which source from Kent), as well as thinking critically about stronger tax incentives for companies to invest in the region, and ensuring ongoing reductions in tax avoidance.

28 The government has said clearly it wants to deliver the best deal for business in the coming negotiations. Kent-based businesses can support that drive through their own networks and influence. The outcome may be different for different sectors or different sizes of companies, but at this stage positive planning, innovative thinking, as well as a clear view of the role of strategic sectors in key counties can help deliver a successful result, both locally and nationally.

29 How businesses work with regulations and regulators can be streamlined and the costs particularly for small businesses reduced. It would be helpful at this early stage for business to have the chance to have a substantive dialogue with government on its approach to the huge number of EU directives and standards affecting all types of business, services, manufacturing, agriculture etc. The sooner that close engagement can start the more uncertainty can be reduced and we can plan together for a successful future.

HOW CAN GOVERNMENT HELP?

30 At this stage, perhaps the most important issues for business will be redesigning and energizing business support networks. For example we could increase capacity in the Department for International Trade to ensure that as and when new trade deals are agreed businesses have direct and focused support to take advantage of these new markets.

31 We can also start working with business to help design streamlined approaches using e-models to ensure any new requirements for trading with the EU are minimized for example in the movement of people and goods using transport networks leaving the UK.

32 Through local networks the government can continue to channel funding support for innovation, skills and infrastructure to replace any EU funding which is discontinued. Specific increased support for skills and training can enable residents in Kent and Medway to benefit from the new economic opportunities ahead. The Thames Estuary, as a site of high growth, for instance, will require trained builders and associated tradesmen. Here, and more broadly across the county, there is clearly an opportunity to support growth in apprenticeships and training for young people, with a focus on areas which have not benefited as much in the past. There may be a specific opportunity to address this through further growth in apprenticeships, and the introduction of the apprenticeships levy in April 2017. In addition, incentivizing better connections between the private sector (particularly local SMEs), adult training opportunities, and universities (whose employability criteria are increasingly part of key curricular and programme outputs).

33 Lastly, the Government could consider improved delegation and devolution of responsibility for government funding streams and initiatives to Kent and Medway, and to other regions. Local knowledge and priorities can drive economic growth and help business seize the opportunities ahead as we leave the EU.

AGRICULTURE

WHERE ARE WE NOW ?

34 Some 85% of the land area of Kent is classified as rural, and according to 70% of residents, the Kent countryside is of very real importance to them, including its 116 sites for nature conservation. Historically known as 'the Garden of England', Kent farmers and growers are not only custodians of its precious landscapes they are also major components of its economy. The two industries employ some 150,000 people, generate a turnover of £500 million and account for two-thirds of the national tree-growing fruit production, and a third of its strawberry production. Exports to other EU countries are key, as 60% of UK produce is currently exported to the EU, and much less to other non-EU countries.

35 In Kent, farm incomes are also heavily dependent on payments from the Common Agricultural Policy. Around £36 million of total income comes from the various farm payment schemes. The seasonal nature of much of the work in these industries means there has always been an important migrant workforce, whether from other parts of the UK or from other countries. All the fruit is hand harvested by temporary seasonal workers, over 95% of whom come from Eastern European countries whose citizens have freedom to travel and work within the EU. The seasonal nature of the work means that harvest workers typically stay for 4 – 6 months and then return home. It is estimated that over 70,000 seasonal workers are required by UK horticulture, of which over 20,000 are employed in Kent.

36 Protected denomination of origin status under EU rules is also important for some high-profile Kent produce, while the modernization of our rural economy has been assisted in part by EU research funding programmes.

OPPORTUNITIES AND CHANGES AHEAD

37 Brexit may herald a significant opportunity to design an agricultural subsidies system in a fair and efficient way that is best for both British farmers and consumers. Doing so may allow us to introduce a subsidies system that is streamlined and efficient, giving the UK, and regions like Kent in particular, a global competitive advantage over some aspects of the Common Agricultural Policy.

38 The subsidies system for example could be rebalanced between how it treats large multinational agri-companies, who already profit from economies of scale and family farms and small holdings, thereby reducing the cost for the taxpayer. We can use this time to assess how farming has changed in the last few decades and use the subsidies system to galvanize new technological advances in food production. The government also has the opportunity to take steps to ensure that farmers receive a realistic price that provides a reasonable prospect of profitability and reflects the cost of production, shifting some of the financial cost from all taxpayers to the consumers of products.

39 We should therefore be aiming to create a new model approach to agriculture and horticulture which produces high quality, affordable foods with subsidy focused and directed to achieving shared goals, such as environmental protection, rather than simply supporting outdated methods. The Kent rural economy is ideally placed to be at the forefront of this new agrarian revolution.

HOW CAN GOVERNMENT HELP ?

40 Even before the formal commencement of trade negotiations, the Government is starting to provide leadership to help make UK farmers competitive on the international market. It can build on this by promoting significant and immediate investment in agricultural R&D, and nurturing professionalism through skills initiatives, particularly in business skills and knowledge transfer.

41 Any new policy must promote innovative and sustainable ways to increase food production, while managing risk, in order to provide the UK with greater food security. In this way, we can aim for a sector which is more productive, resilient and competitive. Doing so can also encourage farmers and others to manage the land effectively to protect biodiversity and landscapes and support ways to mitigate climate change.

42 As the government has indicated we will need to manage the transition by maintaining funding for single farm payment and Agri-environment schemes, that will be provided by the EU until 2020. That will allow time to create the permanent alternative scheme.

43 New regulations to replace the bureaucracy of the CAP can be made simple and transparent allowing farmers and landowners to work to clear standards. Early dialogue with the industry will let us create a new approach to achieve shared goals.

44 The government can help to bridge the transition by a return to a system such as the Seasonal Agricultural Workers Scheme (SAWS), in order to provide sufficient labour for harvests to be picked. This needs to be devised in the context of the need to control and manage migration flows. If this can be put in place quickly we can then turn attention to devising the right kind of approaches for employment and skills across Kent and Medway for the longer term.

TOURISM AND HERITAGE

WHERE ARE WE NOW?

45 The Kent and Medway region is one of the UK's most popular tourist destinations, drawing visitors from overseas as a result of its famous attractions, historic towns and natural beauty. Outside London, Kent remains the third most visited destination in the UK, with Dover Castle, the Hawking Centre, and Canterbury Cathedral as standouts. Heritage is therefore a key tourism factor, motivating 63% of visitors, with 25% visiting to enjoy local culture and the arts, and 9% for special events. In addition to the cathedral cities of Canterbury and Rochester, the coast and countryside are magnets for visitors, with venues including the Turner Contemporary Gallery in Margate and Chatham Historic Dockyard.

46 2015 was an outstanding year for Kent, with a record number of 60 million visitors visiting the county, pushing the visitor economy past £3.6 billion, and increasing the number of jobs in tourism by 5.9% to 71,920. This also greatly improved the overall value of tourism in Kent by a significant increase of 49%. Many current visitors to Kent come from European and EU countries: 77% compared to the national average of 67%, citing Kent's proximity to the continent, ease of travel and attractive countryside as their prime reasons. In the past decade, the total number of EU tourists has risen from 514,000 to 827,000.

OPPORTUNITIES AND CHANGES AHEAD

47 We want to build a successful future in which Kent and Medway continue to welcome and support visitors from all countries, and to preserve the heritage and attractions that draw those visitors to our region. Presently, Kent's tourism businesses remain optimistic with 63% believing they will do well in the next 12 months. However, changes to the ways our borders are managed, the political climate and economic uncertainty are all features that could in time discourage visitors, which would in turn impact materially on the local economy.

48 Some of the EU regulations which have been brought in such as the Package Travel Directive and the Tour Operators Margin Scheme have not been popular with the UK tourists sector. There is accordingly a strong view that we can devise more effective standards to better suit both UK and county-based requirements. Changes to the way we manage state aid rules may also allow the government to support the sector more effectively.

HOW CAN GOVERNMENT HELP?

49 The fall in sterling since June is a significant opportunity to market the UK globally and we can seize this chance now to invest in our tourism industries and increase the flow of visitors from countries outside the EU. The government can help to support this drive by investment in tourism through our overseas posts and achieve a permanent increase in visitors from countries outside the EU. That effort is also central to dispelling suggestions that the UK is not welcoming of visitors from all countries, as a result of number of post-referendum incidents involving abuse and violence towards both EU and non-EU individuals, including Kent and Medway.

50 The government has indicated it will recognize the loss of funding from the EU in different sectors and that includes tourism. For example, England has benefited from funding for accessible itineraries, infrastructure projects and regeneration in seaside towns as well as rural areas; VisitScotland received funding for business development and marketing (almost £12m in the six years up to 2013) and the Welsh Government received £35.6m for tourism projects from 2010. It would be helpful for the government to confirm that these funds will be replaced from other sources.

51 As some 73% of visitors arrive by air, as part of the overall negotiations the government could helpfully give priority to a successor agreement to the single aviation market for EU countries and build the negotiation of new air services agreements into the process for engaging with other countries on new trade agreements.

POLICING AND SECURITY

WHERE ARE WE NOW?

52 Kent Police has a special relationship with security services in Europe and in particular, the police forces in its nearest neighbours: France, Belgium and The Netherlands. Consequently, it is in a unique position when compared with other policing agencies when it comes to questions of trans-border policing. The decentralised nature of British policing has required Kent Police to lead the way in pursuing international cooperation and they have contributed significantly to the architecture of cross-channel policing resulting for example in Kent being a founding member of the Cross Channel Intelligence Community (CCIC) which brings together police and judicial services in the Channel region. The centralised models of policing in France have also required Kent Police to develop and negotiate a unique agreement to improve the daily workings of Anglo-French trans-frontier cooperation. This important agreement, entitled 'The Joint Initiative Relative to Local Cooperation' was brokered between the Préfets of the Pas du Calais and the Chief Constable of Kent in 2004.

53 Importantly, the relationship between Kent Police and the forces of other EU Member States is governed at a formal level by a variety of international conventions and by drawing on national memberships of policing bodies such as Interpol and Schengen, although these continue to be managed and implemented at the national level. These can be divided into purely police-to-police cooperation, and judicial cross-border cooperation. Kent Police is therefore able to utilize such arrangements which at the judicial level include the European Arrest Warrant, Eurojust, the Prüm Agreements, Europol (the EU's law enforcement agency), the European Convention on Mutual Legal Assistance in Criminal Matters, and Joint Investigation Teams. Under the umbrella of the EU, these agreements and organisations have thus far facilitated a high level of effective coordination, information-sharing and standardisation across borders.

OPPORTUNITIES AND CHANGES AHEAD

54 There are a number of potential changes and opportunities for policing, as a result of Brexit, the broadest of which are the consequences of changes to the UK's relations with EU Member States. Successful cross-border policing depends heavily on state-level coordination and interpersonal interactions such as that provided by local liaison officers. Any downgrading of this network of relationships could reduce cross-border cooperation. Connected to this is the provision of adequate financing for cross-border policing operations. European cooperation currently minimises the cost of information-gathering and creates avenues for additional funding for Kent Police from EU funds.

55 In terms of formal policing and judicial arrangements, Kent Police is mindful of the potential changes to existing institutional arrangements for cross-border cooperation at the judicial level. Six of these are EU arrangements (the European Arrest Warrant, Joint Investigative Teams, the Prüm Agreements, Eurojust, the Schengen Information System, and Europol) which are likely to become the subject of negotiations regarding the UK's preferred relationship with the EU. Post-Brexit access to such bodies may not provide the same strength and importance as enjoyed with present membership of the EU. Other challenges include altered relationships with Europol, the European policing agency based in The Hague, and UK access to the Schengen Information System (SIS), which holds criminal information on wanted persons and stolen vehicles etc.

56 Kent Police is also looking at the impact of changes to existing frontier controls, established under the Treaty of Le Touquet. Changes could affect the efficiency and effectiveness of current frontier controls, and the established opportunities for Anglo/French collaboration undertaken through the workings of this same reciprocal process.

HOW CAN GOVERNMENT HELP?

57 The government could helpfully find ways to preserve a stable working relationship with all its European partners, conducive to maintaining the network of formal and informal relationships developed by Kent Police and their many European partners.

58 For instance, examining ways in which to ringfence the current allocation of resources required by Kent Police to provide ongoing vital cross-border operations, mindful of the annually increasing costs of these inter-frontier activities. In addition, supporting the current informal arrangements giving police officers the freedom to undertake and exercise various informal cross-border police-to-police contacts.

59 Particularly key, and welcome, is the expected approval of Parliament to opt-in to the revised Europol framework which provides a legal footing for the new framework for Europol, and underwrites the UK's current system of combatting online terrorism, propaganda, and cybercrime.

60 In connection with the Europol opt-in, the government could at this stage also look at the range of other formal European policing and judicial arrangements, including the European Arrest Warrant, Joint Investigative Teams, the Prüm Agreements, Eurojust, and the Schengen Information System). British membership of these regimes should be based on ensuring pre and post-Brexit continuity in terms of safety and security, as well as opportunities to streamline such regimes in order to improve their overall efficacy. This could include the cost/benefits of retaining UK participation in Europol and SIS to continue 'rights to use' access, or looking at bilateral agreements similar to those negotiated by the US (i.e. making use of specific liaison officers).

61 A key consideration is the primary safety and security requirements of existing UK frontier controls, as well as considering ways in which bilateral and regional forms of collaboration with European partners can ensure both protection and efficiency at key crossing points.

HIGHER EDUCATION

WHERE ARE WE NOW?

62 Kent and Medway has a thriving higher education sector. There are three major, internationally oriented universities located in the region, with a combined total of around 40,000 undergraduate and postgraduate students. The two principal universities in the region are Canterbury Christ Church University (with Canterbury, Broadstairs and Medway and Tunbridge Wells campuses) with 1,506 total staff members, and 16,976 students (2014/15), 5.4% of whom are non-UK, and the University of Kent (with Canterbury, Medway, Brussels and Paris campuses) with 3,773 total staff members (2016), and 20,155 students of whom 11% is non-UK EU. Both universities have significant European dimensions and benefit from EU funding. The University for the Creative Arts, a federal institution with around 7,000 students, also has campuses in Canterbury, Rochester and Maidstone, while the University of Greenwich, Medway counts 21,272 students 7% of whom are from the EU.

63 The region's universities provide a major source of employment in the local area, with a combined economic impact across the South East amounting to over £1bn a year. Long-standing EU funding to support major regional projects and research programmes is also channeled through the universities, and their activities contribute directly to public understanding and the dissemination of knowledge in a wide range of fields.

64 The flow of European students into the region's higher education institutions (HEIs) makes a substantial contribution towards university budgets, and aids the local economies and infrastructure in university towns. Within the HEI sectors, EU workers are employed in a range of roles, including highly skilled professionals who underwrite the teaching and research excellence of Kent's universities.

OPPORTUNITIES AND CHANGES

65 With the anticipated change in EU/international fees, a new but possibly uneven market structure could emerge in which both EU and UK students would pay increased fees to study abroad. The challenge is simultaneously mitigating the loss of UK students leaving the UK in order to study in EU countries on the basis of reduced/offset fees and developing a UK HEI market that could attract EU and international students. Within the national context, Kent's percentage of EU students is disproportionately higher than the rest of the country. EU students average 6.5% across the HEI sector (which is less than 1% in some areas, to 10%+) while the region's EU research income displays much variability (more than 50% through to less than 10%). Retaining a workable market structure to encourage both UK and EU student mobility is therefore important for Kent and Medway in terms of its HE profile.

66 While a number of UK universities have opted to offset student reductions by lowering their requirements, recruiting instead from existing institution market pools, in the long term, this trend may reduce the domestic recruitment pools for universities (particularly within the Million+ and University Alliance Group) and impact negatively on the overall internationalisation of Kent campuses for UK students themselves. It could also undercut International Employability elements inherent in the region's culturally diverse institutions. The end result could be materially decreased cultural demographic, one that would have a disproportionately higher impact on Kent's regional universities..

67 The UK's outstanding research and innovation base is central to local, regional and national economic, social and cultural wellbeing. Kent and Medway are a particular example of HE's competitive advantage in increasing productivity, growth and the creation of high-value jobs in 7 key locations across the region: Canterbury, Broadstairs, Ramsgate, Chatham Marine (Medway), Rochester, Tonbridge and Tunbridge Wells. Further, Kent and Medway HEIs have developed a range of significant regional cooperation projects on the basis of the European Regional Development Fund, as well as research and development funded by the Framework Programme 7 and the current Horizon 2020 programme. Both tranches have significantly enhanced the consortium-based research clout of the region's universities, particularly with key partners in France, Belgium, Germany and the Netherlands, based on the strength and commensurability of their respective research bases. Continuing and strengthening these connections is therefore vital to continuing the regional excellence, and the intrinsically collaborative nature of its activities that Kent and Medway has developed.

HOW CAN GOVERNMENT HELP?

68 The Government could work with the sector in the coming months to make a clear joint commitment that the UK wishes to retain and build upon its global reputation for education, research and development excellence, providing confidence to current and potential EU staff and students, and European and global R&D partners.

69 Currently looked for across the HE sector is government assistance in the form of guarantees for financial support for UK students wishing to study overseas fully or part time, as well as clarification on EU student eligibility for student loans post 2018/19.

70 Consideration that EU student numbers neither be counted toward UK net migration figures, nor reclassified under existing Tier 4 regulations, based on a clear understanding that reclassification would require an increased threshold of visas for HEIs in order to sustain EU recruitment numbers.

71 The government could also work with HEIs to encourage them to keep recruitment standards high and their market pools internationally-oriented, to prevent the long-term creation of UK-dominant institutions. This is of particular importance for universities in Kent and Medway.

72 Vital, is a much-looked for steer building on the Chancellor's guarantee that Horizon 2020, European Structural and Investment funding will be covered by the Treasury until (or possibly beyond) the UK's departure from the EU, ideally accompanied by a decision to permit a UK opt-in to current and future EU funding structures (from Horizon 2020 to Erasmus Plus).

HEALTHCARE

WHERE ARE WE NOW?

73 Healthcare in the Kent and Medway region is provided through eight Clinical Commissioning Groups: bodies of General Practitioners responsible for purchasing healthcare services on behalf of the citizens in their area. Healthcare providers include four acute hospital trusts which are responsible for eleven hospitals; two community service providers; a mental health trust and two hundred and fifty-six GP practices. Cross-border healthcare issues fall under the remit of the European Health Insurance Scheme (EHIS), an EU programme which commits member states to treat EU citizens falling ill within their jurisdiction, and commits their host state to reimburse the cost of this provision.

74 As recently examined in the national media, the cost of treating EU citizens in the UK is estimated to be around £340 million per year, with costs being recovered through EHIS. The healthcare of EU citizens living and working in the UK is funded directly by the government, not by EHIS, as is the case for Britons living abroad in EU member-states. In addition to these national-level arrangements, there are also several local trans-border healthcare bodies operating in the region, including the Health and Europe Centre in Maidstone, which coordinates Europe-wide collaborative projects, and arrangements for treating Kent NHS patients at the Centre Hospitalier de Calais.

75 Many workers from the EU are also employed locally in healthcare, where they make up approximately 5% of the workforce and this increases to 6% of the social care workforce, with similar statistics regionally (Kent, Surrey and Sussex Health Education England data for September 2015 indicate that 5,318 staff are non-UK EU, equivalent to 6% from total regional staff figure of 88,700 in region).

76 EU funding streams contribute significant investment to healthcare programmes and health research in the region. For example, the Health and Europe Centre has managed projects worth some £10 million since 2005 from different EU funding streams. There is important co-ordination across the EU member states on joint issues, for example intelligence regarding pandemics and other new health threats which helps ensure the continued protection of the public's health in terms of both communicable diseases and environmental standards. The UK also has a range of partnerships on medical science research and data sharing which benefit the sector.

OPPORTUNITIES AND CHANGES AHEAD

77 The application of the EU Working Time Directive in health care has been a long running concern, and we will have the chance to look again at how we best regulate eg the hours worked by doctors to ensure the best possible standards of health care for everyone. The flexibility to design our own approach could be very valuable.

78 The regulation of medicines in the UK is heavily reliant on the Regulations and Directives that come from the EC via the European Medicines Agency (EMA). The UK will have the chance to write our own legislation to cover this following Brexit, although we would need to consider how we might want to continue to participate in the European wide approval system for new medicines and the revisions to already approved products, to participate in the Orphan Drug Designation and the Small to Medium Sized Enterprise schemes that the EMA operate or to participate in the centralised approval process for paediatric drugs and the process that supports new medicines development for children.

79 There are a range of issues relating to the regulation and education of healthcare professionals which will need to be addressed. These include transferability and recognition of European qualifications for doctors and requirements for language testing. In some instances Brexit may provide the opportunity for a more flexible approach which suits UK requirements which has been called for on a number of issues.

HOW CAN GOVERNMENT HELP?

80 As the Government considers a future regime for EU nationals working in the UK it would be helpful to look at this early stage at the estimated 135,000 who currently work in health and social care. Recruitment or retention of staff will be very important to ensure continuity in the delivery of health and social care. The future migration regime adopted by the Government could have a specific focus on the skills and capacity needed in the sector.

81 In Kent and Medway, it would be particularly important if the Government could commit to support the continuation of the Design and Learning Centre for Clinical and Social Innovation (DLC), located at the Discovery Park Sandwich, working on behalf of the Kent and Medway Integration Pioneers. This has given us international collaborative agreements with a variety of external partners which can be strengthened whether in Brexit or EU. At present this scheme is being built into funding streams such as the ERDF and the new NHS and Social Care Sustainability and Transformation Plans (STP) to deliver the 5 year forward view, to give Kent an opportunity to be recognised as a centre of innovation.

82 There are approximately 2 million UK citizens currently living, working and travelling in the EU, with 380,000 living in Spain alone. Currently, EU membership entitles our citizens to access to the host country's public healthcare system on the same basis as the indigenous population. There has to be clarification if current EHIC arrangements would continue to operate. The Government could take steps now to clarify the future regime to give reassurance to those UK citizens in the EU.

ENVIRONMENT AND ENERGY

WHERE ARE WE NOW?

83 A good deal of the UK's environmental legislation and standards has contributed actively to, and helped push ahead the body of EU directives, particularly in key issues like climate change. Within this framework, Kent is committed to reducing greenhouse gas emissions by 34% by 2020, and 60% by 2030 from its 2005 baseline, with a 21% reduction since 2005.

84 In terms of energy, Kent and Medway is a pioneering region in terms of its integral use of renewable sources within its emerging energy mix. Further, ongoing UK leadership in the field of European climate action is deeply reliant on regions like Kent who support - and indeed surpass - the UK's own agreed national targets of reducing greenhouse gas emissions by 34%, and 15% total UK energy demand sourced renewably by 2020. Against these baselines, Kent for example is committed to a 60% reduction in carbon emissions on 1990 levels by 2030.

85 Kent renewable energy is a key feature in this landscape. Kent renewable energy generation includes the waste installation plant at Allington (Maidstone), and a range of offshore wind farms generating over 640GWh of renewable energy annually and 4,000GWh, with 19,600 people employed in renewable and low carbon technology-related industries. Kent's ability to generate renewable energy locally supports both national climate change targets and energy security needs, promotes British leadership in a vital policy area at both European and global level, ensures sectoral innovation in the energy industry, and chiefly, supports residential and businesses in reducing costs and improving energy security. For all these reasons, support from both national and European energy programmes, both public and private-sector sourced, should be encouraged.

OPPORTUNITIES AND CHANGES AHEAD

86 A good deal of the UK's environmental legislation and standards derives from EU directives, much of which is likely to continue in the medium-term on the basis of current governmental attitudes to roll forward the existing legal framework until Parliament can consider it in detail, avoiding a "cliff edge" in terms of environmental standard protection. Air quality, waste recycling, renewable energy would all be areas where the Government and Parliament could consider in more detail what the UK's future ambitions and objectives should be. As well as the standards themselves we can look again at the ways that they are to be achieved and different models could be considered, for example which might have less cost on business. DEFRA has been working on a 25 year strategy for the natural environment which can now consider some of these issues and opportunities and provide a long term plan for sustainable development in the UK.

87 There are two important areas where continued work is needed. Ensuring ongoing inward investment in Kent's renewable energy sector (particularly the wind industry) from the European private sector, and continuing major public sector infrastructure projects falling within Horizon 2020, ERDF or similar funding packages that can be taken up by local stakeholders in consortium with established European partners to bolster such developments. Equally, Kent and Medway decision-makers for example could look at continuing work with projects like COOPENERGY (a three-year European funded project co-funded through the Intelligent Energy Europe Programme) which aims to help both county and local public authorities continue with renewable energy supply and energy efficiency initiatives.

HOW CAN GOVERNMENT HELP?

88 A new and integrated approach can invest in our natural heritage based on the principle that public payments should meet the needs of society. The work that farmers, land managers and land owners do in producing the things we all need, including clean water, clean air, wildlife everywhere, healthier intact soils that can retain carbon and water, access to a beautiful environment, can be valued and rewarded. Innovative ways of providing incentive to encourage farmers and others to manage their land sustainably for the environment can be developed.

89 The government through DEFRA could initiate a broad dialogue with the many sectors and organisations who could contribute to the development of a new integrated approach which could begin work now to help design a different structure for policies and standards to promote environmental protection across the UK in the future.

90 Clarification regarding the UK's envisaged energy profile on the basis of analysis indicating the specific impact of Brexit, and consequently, the role and contribution of Kent and Medway regarding its use and output of both traditional fossil fuels and renewables.

91 Clarification regarding the UK's preferred placement in reference to EU environmental and energy legislation, as well as its anticipated role in the European Energy Union, and the anticipated contribution of regions like Kent and Medway. This includes market rules, European network codes, cross-border and trade issues regarding network access, interconnectors, environmental protection, energy efficiency, renewables, security of supply and state aid.

LOCAL GOVERNMENT

WHERE ARE WE NOW?

92 European legislation affects the delivery of many local services delivered by local councils. Examples of services influenced or affected include the environment where European legislation impacts locally on areas such as major planning schemes and waste. Other European legislation, such as procurement or state aid rules, affect how local authorities commission services or set up business support schemes. The EU is often thought of as a major source of finance. However, European funding spent by Kent's local authorities is only a very small proportion of their overall budgets. Nevertheless, it does appear over time to have had a certain impact in areas such as economic development (e.g. supporting trade and tourism) or the environment (environmental schemes and policy development). Between 2007 and 2013 the European Social Fund (ESF), which contributed approximately £10 million into regional projects while the European Regional Development Fund (ERDF), which contributed nearly £22 million in the same period

OPPORTUNITIES AND CHANGES AHEAD

93 The EU procurement directive for public bodies has created a complex and expensive process for both government and suppliers. Brexit is a chance to replace this with a much more streamlined approach which safeguards value for taxpayers money without the bureaucracy and costs of the current system.

94 The way waste is managed has evolved over the last couple of decades, with greater focus on reducing the amount produced and managing it in a more sustainable manner. Waste services is influenced primarily by legislation, targets and requirements that are currently passed down from the European Union and transposed into national law, policies and strategies. As with all EU driven UK legislation, the specifics of what will happen to waste legislation post Brexit remains uncertain.

95 Recently there has been a change in European material markets. In the past, there would be a market for UK waste to be exported to European countries for them to burn for energy recovery. However, these countries are now becoming more 'self-sufficient' through increased levels of migrant population resulting in that particular market for the UK diminishing. This could change further post Brexit which could result in the UK having to find different internal markets or infrastructure to deal with waste, either through increasing recycling (and therefore a requirement for an increase in processors) or to send more waste to energy recovery in the UK.

HOW CAN GOVERNMENT HELP?

96 Councils like other organisations have said they are ready and willing to work with the Government to develop effective strategies to make a success of Brexit. There is a great range of detailed EU legislation affecting local government which will need to be reviewed and where possible improved to the benefit of residents and communities. It will also need to consider how to manage long term contracts councils will have entered into e.g. on waste management.

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