

<b>Committee(s)</b>	<b>Dated:</b>
Port Health & Environmental Services – For information	27 November 2018
<b>Subject:</b> Update on the impact of the UK leaving the EU (Brexit) on Port Health & Public Protection	<b>Public</b>
<b>Report of:</b> Director of Markets & Consumer Protection	<b>For Information</b>
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### Summary

The UK is due to leave the European Union on 29 March 2019, although it is anticipated that there will be an implementation period before final withdrawal.

Whilst negotiations continue within Government concerning the terms of the UK's departure, until a deal is agreed, the outcome remains unknown in relation to the functions undertaken by the Port Health & Public Protection Division (PH&PP), particularly at the borders.

This report outlines the implications on PH&PP of a 'no-deal' Brexit, and updates your Committee on representations made by PH&PP to Government and relevant agencies, as well as the work done with other interested organisations.

### Recommendation(s)

Members are asked to:

- Note the report.

### Main Report

#### Background

1. Following the outcome of the referendum held in June 2016 in which the UK voted to leave the European Union, on 29 March 2017 the UK triggered Article 50 of the Treaty of Lisbon. This gave formal notice of withdrawal from the EU, which is due to take place on 29 March 2019. It is likely that there will be a transition period until December 2020, although this has yet to be finalised, and the outcome of negotiations regarding a 'deal' is not known.
2. This is the fourth report to your Committee on this issue and you have previously agreed six key principles that form the basis of the approach officers have been taking when representing the City Corporation in discussions with Government and its agencies. These are contained in the appendix to this report.

3. Brexit is on the Departmental Risk Register and more recently has been classified as Corporate Risk. The latter includes the 'impact of Brexit on the movement of goods through the Port Health Authority/functions'.
4. Since the UK voted to exit the EU PH&PP officers have engaged closely with Government and its agencies as well as with other interested organisations. Further details of the most recent meetings are provided below.

## **Current Position**

## **Engagement**

5. The City Corporation continues to host the government Port Health Authorities Border Planning Group. This involves all Port Health Authorities and Local Authorities that have a port or airport in their area, as well as relevant government agencies. Its purpose is to plan for a worst case scenario where there is no deal or implementation period.
6. Officers have also attended a range of government meetings including the following:
  - A non-tariff workshop concerning imported food and feed not of animal origin, and organic products (assuming the UK will be outside the single market and customs union).
  - A Defra workshop on imports of animal and fish products and the impact of Brexit on Local Authorities and other agencies.
  - A British Frozen Food Federation/Sea fish importers committee meeting on Brexit.
  - A Ministry of Housing, Communities and Local Government workshop on EU Exit Borders and knowledge sharing.
  - A range of workshops hosted by the Department of Environment, Food and Rural Affairs (Defra) to consider the implications of Brexit at the Border in relation to imported Products of Animal Origin and live animals.
7. The Division has also hosted visits to the Heathrow Animal Reception Centre and London Gateway Port which has enabled government officials and trade bodies to see first hand the way in which import controls are undertaken at the Border. Visitors include:
  - The Parliamentary Undersecretary of State at the Department for Exiting the European Union.
  - A Member of the European Parliament.
  - Representatives of Which consumer organisation.
  - Food Standards Agency officials.
  - Trade delegations.
  - Defra and Animal & Plant Health Agency (APHA)
8. Further visits are planned for the National Farmers Union and Local MPs for the Ports.

9. The City Corporation has employed a Consultant to liaise with other interested organisations and to promote the key principles contained in the appendix to this report. The key stakeholders with which he has had most success include:

- Local Government Association
- International Meat Trade Association
- Seafood Alliance
- British Ports Association
- United Kingdom Major Ports Group
- Association of Port Health Authorities
- British Veterinary Association
- Chartered Institute of Environmental Health
- Chartered Trading Standards Institute
- Dogs Trust
- Which Consumer Organisation
- London Councils
- National Trading Standards

10. A full report has been received and the liaison is being followed up via correspondence and potential meetings with Chairs of Parliamentary Select Groups and relevant Ministers.

11. An employee from the Food Standards Agency (FSA) has been seconded to the Port Health Service for three months to gain a full understanding of the way in which import controls are undertaken. He is currently being trained as a Port Health Technical Officer, and it is hoped that this will increase the knowledge base of the FSA Import Team.

### **Draft Agreement on the withdrawal of the UK from the EU**

12. On 14 November Government published a 585 page draft agreement which covers the arrangements for the interim/implementation period until the end of 2020. Should this be agreed, the UK will remain part of the Customs Union and there will be free trade in food, feed and animals. However, this still has to be ratified by Parliament and at the time of writing there is considerable dissent over the terms that have been negotiated. An oral update will be provided at your meeting.

### **No-deal Scenario**

13. It is still possible that the proposed deal will not be approved, so PH&PP have been preparing for the worst-case position, which could potentially involve controls on imports from the EU, although this is not anticipated – see paragraph 15 below.

14. Government has issued a series of technical notices which set out information to allow businesses to understand what they would need to do in a “no deal scenario”, and so that they can make informed plans and preparations. Guidance

on “Importing animal and animal products if there is no Brexit deal” was published on 24 September 2018.

15. The guidance states that there will be no change on the day the UK leaves the EU to current import controls or requirement for notification of imports of live animals and animal products for imports direct from the EU. The situation is similar for products from third countries – those outside the EU.
16. The only difference is that importers would need to use a new electronic import notification system that is being introduced by Defra instead of the current EU system. Currently, live animals, animal products and high-risk food and feed imported directly from third countries are notified to enforcement authorities via the EU ‘TRACES’ system. PH&PP have contributed to the design and construction of the new system.
17. The guidance also recognises that there will be a need to carry out checks on transit items that are currently carried out elsewhere in the EU. These are products from third countries that currently enter the EU at the border in another member state, but are destined for the UK.

### **Port Health**

18. The Port Health Service has identified the following key issues that may have to be addressed in the light of “no deal”.
  - Increased throughput at the Ports within its jurisdiction: there are currently only operational inspection facilities at London Gateway, Tilbury and Thamesport, and given that the service has a centralised office at London Gateway port, it could be difficult to access these ports in a timely manner (London Gateway and Tilbury are located on the north side of the Thames and Thamesport on the south).
  - Transit consignments: the volume of these is difficult to predict as the UK has not had to record them previously, although records suggest at around 10,000 consignments per annum gain entry into the UK from third countries via the EU.
  - Staffing: the specialised nature of posts such as Official Veterinarians and Port Health Officer make it difficult to recruit and train new staff at a time when there is already a shortage of qualified staff.
  - Pre-notification and use of the new electronic import notification system: Government is confident that this will be available prior to April 2019, but it is essential that the trade as well as enforcement authorities are involved in the testing and preparation of the system (which Government has advised will be the case in the months leading up to March 2019).

### **Mitigating measures**

19. The Port Health Service has recruited additional staff including apprentices and graduates to increase the level of resource

available on day one. Negotiations have taken place with those ports and smaller terminals on the Thames to which trade may be diverted to ensure that they are familiar with Port Health requirements. Paper based systems could be used if absolutely necessary, should electronic means of prior notification of imported consignments not be available; but this would have a significant impact on resources.

## **Animal Health**

20. The issues with live animal imports are not as serious as those over imported food and feed, however the key concerns are as follows:

- Pet Travel Scheme: this enables pets to move relatively easily throughout the EU. 'No deal' would not alter movements into the UK, but could have severe consequences for those traveling from the UK into the EU. Although exports are not dealt with directly by HARC, it could impact on the numbers of animals returning to the UK.
- Companies displaced from the UK to the EU: much of the dog and cat business is derived from families relocating to work in the UK for major companies for a one- or two-year term, mostly from the USA. Should these businesses move their corporate HQ from the UK to another member state, this business would be lost.
- Convention of the International Trade in Endangered Species (CITES): Many legitimate movements of CITES species are made between EU member states and the UK, currently without any licensing requirements. This is for zoo, trade and private animals. The introduction of licensing, which could be expensive and time consuming, is likely to drive some of this business underground and increase smuggling. The impact on zoos could have consequences for many of the conservation programmes in which UK zoos are currently involved.
- Transit animals: as for product consignments, any live animal imported from a third country is currently checked at the first point of entry into Europe even if it is destined for the UK. Should this cease, then there will be a requirement for more checks, and hence more resources to undertake this work.
- Increased Customs Clearance times: should the time taken to clear live animals increase, this could have a negative impact on their welfare. It could also increase the time spent at HARC and the resources that need to be devoted to them.

## **Mitigating measures**

21. As it is still unclear as to whether there will be an increase or decrease in resources required at HARC, a number of fixed term contract employees have been recruited and depending on the outcome, their contracts could be terminated or extended from 1 April 2019. In the shorter term, an increase in throughput is

anticipated between January and March, and extra resources will be deployed as required.

### **Other regulatory functions**

22. The PH&PP Division enforces a wide range of EU based legislation, particularly regarding food safety controls, but also in relation to air quality and environmental standards. The EU (Withdrawal) Act 2018 domesticates EU legislation, which will remain in force as 'retained EU law' on Day 1 after Brexit and subsequently. The Act also provides a power for Ministers to correct any deficiencies in legislation arises from the UK's withdrawal from the EU to ensure the legislation functions correctly. If there is to be a transition period, the Government may domestically enact EU legislation which is introduced during a transition period to maintain regulatory coherence.

### **Financial Implications**

23. A substantial bid for additional funding has been made to Government departments to cover the costs of additional staffing and undertaking a range of functions to support Imported Food and Feed Controls at the borders. The outcome is awaited, but early indications are positive.

24. The City Corporation is proposing to create a Brexit contingency fund of £2M in 2018/19 with provision to carry forward any unspent funds into 2019/20. It is anticipated that this will support the organisation in engagement activities in the lead up to and post exit from the EU. If necessary, the PH&PP Division will submit a bid for funding.

25. The consultant referred to above has been employed to undertake a further engagement project in relation to PH&PP, and this has been funded through existing resources.

### **Corporate & Strategic Implications**

26. The action taken to date and the above proposals are in accordance with previous decisions taken by your Committee, the PH&PP Business Plan, the Departmental/Corporate Risk Registers.

27. The Government's Brexit related legislation is being monitored by the Remembrancer who will continue to facilitate appropriate representations being made and support PH&PP where possible.

### **Conclusion**

28. Officers continue to represent the interests of your Committee to protect City Corporation interests in relation to the implications of Brexit. Plans and preparations are under way in the event of a no deal scenario.

## **Appendices**

- City Corporation Brexit Key Principles for the Port Health and Public Protection Division

## **Background Papers**

- Impact of the UK leaving the EU (Brexit) on Port Health & Public Protection – report to Port Health & Environmental Services Committee, 19 September 2017.
- Update on the impact of the UK leaving the EU (Brexit) on Port Health & Public Protection – report to the Port Health & Environmental Services Committee, 6 March 2018.
- Update on the impact of the UK leaving the EU (Brexit) on Port Health & Public Protection – report to the Port Health & Environmental Services Committee, 16 July 2018.

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