

Committee(s):	Date(s):
Markets Committee	30 January 2019
Subject: Impact of Brexit – on the City’s Wholesale Food Markets	Public
Report of: Interim Director of Consumer Protection and Market Operations	For Information
<p style="text-align: center;">Summary</p> <p>This report provides Members with an update on the potential impact of Brexit on the operations of the City’s Wholesale Food Markets.</p> <p>There is likely to be minimal short-term impact on the City Corporation, as the Market Authority and landlord. The City has received a response from one of the Market Tenants’ Associations confirming that they are actively planning for the impact of a no deal Brexit and have contingency plans in place. Informal soundings of individual traders have found that they are not expressing undue concern about the potential effects on their businesses. Officers will continue the dialogue with tenants on this subject and update Members as the situation develops.</p> <p>Recommendation(s)</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the report 	

Main Report

Background

1. The Town Clerk has asked that officers provide updates to their Service Committees on the potential impact of Brexit. Officers have been in regular dialogue with Tenants’ Associations, and individual tenants, at the City’s markets about their attitude towards, and preparedness for, Brexit.
2. Officers within the Department of Markets and consumer Protection (M&CP) have also liaised with Government Departments and trade bodies in order to gain information on the likely impact on the food supply chain.
3. The UK government has indicated that it will continue with existing (EU) Food Hygiene Regulations until such time as they are amended either by Statutory Instrument or by formal legislation and that therefore there will be no immediate impact on the status of the Markets’ food hygiene arrangements. For this reason, the immediate direct impact on the City as a Market Authority and landlord is likely to be negligible.
4. 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 products if there is no Brexit deal.

5. 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 animal products and plant products (e.g. fruit, vegetables and cut flowers) for imports direct from the EU. The situation is similar for products from third countries – those outside the EU. The only difference is that importers would need to use the new electronic import notification system, instead of the current EU system. 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 that currently enter the EU at the border in another member state but are destined for the UK.
6. If a managed exit from the EU is negotiated, depending upon the terms of the deal, there is still the possibility of increased border checks which could result in delays to consignments of perishable imports of food destined for the wholesale markets.
7. It is estimated that around 80% of Smithfield’s meat is imported, primarily from Europe, and that around 15% of Billingsgate’s product comes from the EU. Ireland is a large supply route to Smithfield and the Irish border solution will impact current practice but imports also come from as far afield as Australia, New Zealand and South America. New Spitalfields Market also import a significant amount of produce from the EU.

Current Position

8. In early December 2018, the then Director of M&CP wrote to the Tenants’ Associations asking whether they have contingency plans for a No Deal situation and, if so, the extent to which they have been ‘trialled’ or validated. The City has received a response from one of the Tenants’ Associations confirming that they are actively planning for the impact of a no deal Brexit and that they have contingency plans in place.
9. The Market Superintendents have had informal discussions with some individual traders and have found them not to be unduly concerned about the possible impact of Brexit on their businesses.

Risk Implications

10. If the UK’s departure from the EU leads to delays and disruption in the food supply chain, and shortages of product over a prolonged period, there is a risk, albeit unlikely, that this could impact the financial viability of some tenants’ businesses. This in turn could lead to business failures and vacant premises at the markets but given the current position this seems highly unlikely.

Conclusion

11. For the City, as a Market Authority and an operator of Licensed Food Premises, the most direct impact of Brexit would be if there were to be changes to food hygiene regulation. However, as has been stated above it is anticipated that this will continue to be governed by existing (EU) Food

Hygiene Regulations until such time as they are amended either by Statutory Instrument or by formal legislation.

12. From a landlord's perspective, prolonged disruption to imported food supplies could adversely affect the financial viability of some of the businesses that trade at the markets, which ultimately, in extreme circumstances, could lead to business failures and vacant premises.
13. The City will continue the dialogue with its tenants on this subject and update Members as the situation develops.

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