

Committee(s) Port Health and Environmental Services Committee	Date(s): 03/03/2020
Subject: Update on the impact of the UK leaving the EU (Brexit) on Port Health & Public Protection	Public
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Summary

The United Kingdom (UK) left the European Union (EU) on 31 January 2020 and we are currently in a transition period until the end of 2020. During the transition period, arrangements and controls at the UK border will not change. Until Government agrees a trade deal (or not) with the EU, the final impacts remain unknown in relation to the functions undertaken by the Port Health & Public Protection Division (PH&PP), particularly in respect of border controls.

All appropriate actions have been taken to reduce the risks associated with Brexit. These risks are also applicable to future trade uncertainties and they are unlikely to change until the future trading position is clearer.

It should be noted that the information in this report is based on our understanding as of 20 February 2020, which may change depending on the final negotiated position with the EU.

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 EU, the UK triggered Article 50 of the Treaty of Lisbon on 29 March 2017. This gave formal notice of withdrawal from the EU, which was originally planned for 31 October 2019. However, the date was pushed back to allow for a General Election in December 2019. This in turn led to approval of the Withdrawal Agreement Bill and the UK's eventual exit from the EU on 31

January 2020. We are now in a transition period until the end of 2020, during which existing controls at the border will remain. Government is aiming to complete the relevant trade negotiations with the EU before the end of the transition period. In the reshuffle on 13 February 2020, George Eustice MP was appointed as Secretary of State for Environment, Food and Rural Affairs.

2. This is the seventh 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. (Appendix 1: City Corporation - Six Key Brexit Principles). These principles would also be relevant when discussing the UK's future trade deal with the EU. However, they may need to be reviewed by the Committee when the final negotiated position with the EU is clear.
3. Brexit remains on the Departmental Risk Register is classified as a Corporate Risk. The latter includes the 'impact of Brexit on the movement of goods through the Port Health Authority/functions'. The Department has now taken all appropriate actions to reduce the risk associated with Brexit from red to amber. These risks equally apply whilst the future trade position with the EU is unclear and the risk position will not change until such a time as the trade position is confirmed.
4. The Port Health Service has received sufficient funding from the Food Standards Agency (FSA) to cover all its Brexit related expenditure until 31 March 2020. However, considering the uncertain future trade position, further funding will be needed to maintain the existing resources until 2021. The Animal Health Service has generated sufficient income to cover all its Brexit preparations.
5. Since the UK voted to exit the EU, PH&PP officers have and continue to engage closely with Government and its agencies as well as with other interested organisations. This has recently included the Chief Executive of the FSA.

Current Position

Withdrawal Agreement & Political Declaration

6. On 10 February 2020, the Government indicated that it plans to introduce import controls on EU goods at the border after the transition period ends on 31 December 2020. This means that the UK will be leaving the EU customs union and single market.
7. The Chancellor of the Duchy of Lancaster, Mr. Gove, confirmed all UK exports and imports will be treated equally. This will mean traders in the EU and UK will have to submit customs declarations and be liable to checks. He also confirmed that the policy easements put in place for a potential no deal exit will not be reintroduced as businesses have time to prepare. He also confirmed that there are a number of reasons for implementing import controls:
 - to keep our borders safe and secure so we know who's coming in and how often, what they are bringing in, and why

- to ensure we treat all partners equally as we begin to negotiate our own trading arrangements with countries around the world
 - to collect the right customs, VAT and excise duties
 - the EU has said it will enforce checks on our goods entering its customs union. We will likewise enforce our own rules for goods entering the UK
8. It should be noted that this is the position as of 20 February 2020, which may change depending on the final negotiated position with the EU. However, the PH&PP division must ensure that it remains prepared for checks on EU goods to be undertaken at the border from 2021.

Port Health

9. Currently food and feed imported into the UK from a third country is subject to Official Controls relevant to the risk that the food or feed represents; risk includes the type of product, country of origin, volume imported and previous history. These products must be imported through a Border Control Post, which is within a Customs Boundary. This is not likely to change moving forward.
10. EU Products are not currently subject to Official Controls, but this is now likely to change from January 2021.
11. As part of its Brexit preparations the service has carried out a Change Impact Assessment based on a 10%, 25% and 50% increase in work/drop in efficiency as new systems and processes settle in. Early indications were that, based on the current trade patterns and routes, checking EU food and feed would increase workloads by 25%. This could increase further if trade was displaced to ports that the City Corporation are responsible for, from other UK ports that do not have the capacity or facilities to undertake official control on high risk food and feed.
12. The Port Health service has been robust in its negotiations and has secured funding from the FSA to support its 'no deal' Brexit preparations in 2018/19 (£146k) and 2019/20 (£516k). The funding has been used to increase staff resource on a temporary basis to meet future demands; this includes 1 x Port Health Officer, 2 x Official Veterinarians and 3 x Port Health Technical Officers. This is a 15% increase in operational staff.
13. As the service aims to operate on a cost recovery basis, it is important that it secures appropriate funding for 2020/21 to ensure that it is able to maintain its current resources until the uncertainties regarding the future trade deal are clear. It would be a false economy to release staff when the FSA funding ceases at the end of March 2020, only to need the resource again from January 2021, with the added costs relating to recruitment and training. The Port Health Service has therefore extended all temporary contracts until September 2020 in the expectation that the trade position will be clear at that point to enable further resource decisions to be made.

14. The service is seeking further funding from the FSA to support this approach, as the approved budget does not include provision for the extension of these contracts. Although initial indications from the FSA are positive, if the service does not receive additional support it may need to draw on contingency funds. Extending contracts until September 2020 will cost approximately £215k.

Animal Health

15. The issues with live animal imports are not as challenging as those over imported food and feed, however the key concerns, which have been raised previously at this Committee include:
 - a. The Pet Travel Scheme
 - b. Companies displaced from the UK to the EU
 - c. The Convention of the International Trade in Endangered Species (CITES)
 - d. Transit animals
 - e. Increased Customs clearance times
16. As it is still unclear as to whether there will be an increase or decrease in resources required at Heathrow Animal Reception Centre (HARC), a number of fixed term contract employees have been recruited and depending on the outcome, their contracts could be terminated or extended. These have been funded from additional income and it is expected that this would continue to be the case if contract extensions are required. In the short term an increase in throughput is anticipated as we draw near to the end of the transition period.

Corporate & Strategic Implications

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

Implications

19. Sufficient funding has been received for the current financial year from Government departments. This funding covers the costs of additional staffing and undertaking a range of functions to support imported food and feed controls at the borders. This funding is time limited, so the Department will continue to identify and make a case for further funding to support its preparations.

Conclusion

20. Officers continue to represent the interests of your Committee and the City Corporation in relation to the implications of any future trade position with the EU.

Appendices

- Appendix 1: City Corporation - Six Key Brexit Principles

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 Port Health & Environmental Services Committee
 - 6 March 2018
 - 16 July 2018
 - 27 November 2018
 - 24 September 2019
 - 26 November 2019

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Appendix 1: City Corporation - Six Key Brexit Principles

The City Corporation has agreed and is promoting the following principles in relation to biosecurity and Brexit:

- The same, or an improved, level of consumer protection should be sought for public, animal and environmental health in terms of any proposed changes to regulatory controls after the UK leaves the EU.
- Any changes to the current legislation should be commensurate with the risk posed by different activities and trades, as it is recognised that some enforcement requirements could be streamlined.
- The UK should continue to recognise EU controls in order to avoid resourcing implications at the UK border; and this would **best** be done as part of a reciprocal agreement with mutual recognition, as this would be more sustainable politically, promote regulatory alignment, and facilitate UK-EU trade.
- Full cost recovery for local authorities and port health authorities to enforce relevant legislation is essential, and this should be extended to include those areas not already covered, particularly if they have to undertake additional controls as a result of Brexit.
- The current checks at UK and EU borders on third country imports should be maintained to facilitate free movement of goods within the EU, and between the EU and the UK, and the UK should maintain access to existing IT and rapid alert arrangements.
- To control public health and animal health risks effectively, and to prevent the potential spread of zoonosis, monitoring, checks and controls on high risk food, feed and animals should be undertaken at first point of entry into the UK, i.e. at its borders.