

Wiltshire Council

Cabinet

1 December 2020

Subject: Ending of the UK-EU Transition Period

**Cabinet Member: Cllr Philip Whitehead, Leader of the Council and
Cabinet Member for Economic Development, Military Civilian Integration
and Communications**

Key Decision: Non-Key

Executive Summary

Wiltshire Council continues to work with partners to prepare for and manage the end of the UK-EU transition period on 31 December, alongside concurrent threats such as seasonal flu, severe winter weather including floods and snow and the impact of the pandemic.

Proposal(s)

It is recommended that:

- Cabinet note the assessment of the council's readiness for the end of the transition period.
- Cabinet note the opportunity to shape the UK Shared Prosperity Fund and the potential implications of the government's approach to state aid

Reason for Proposal(s)

Wiltshire Council has an important role as community leader in advocating for our residents and local businesses.

**Terence Herbert
Chief Executive**

Wiltshire Council

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Purpose of the Report

1. To outline the preparations that have been underway for the end of the transition period on 1 January 2021.

Background

2. Throughout the last two years, Wiltshire Council has maintained an assessment of readiness to prepare for Brexit and in particular the possibility of a no-deal Brexit. The council has also participated in the Local Resilience Forum and civil contingency planning under the banner of Operation Yellowhammer. Operation Yellowhammer was stood down in early January 2020. Locally, the response structure was 'mothballed' until 19 October 2020 when it was stood up again. Planning for some exercises (such as disruption to supplies) is underway through the LRF Executive. Nationally, exercises for December 2020 are being planned under the banner of 'D20', recognising the multiple concurrent threats this winter (flu, covid-19, winter pressures, floods, end of EU transition, arrival of Hong Kong citizens, panic buying etc). A 'Reasonable Worst Case Scenario' was shared with LRFs in mid-October 2020.
3. The government are still in negotiations with the EU on the shape of any future relationship with the EU for when the transition period ends, and the UK leaves the single market and custom union, from 1 January 2021. The position of the government and EU was originally that any deal must be agreed by the end of October 2020 at the latest, to enable ratification ahead of the end of December. It now appears the EU summit of 10 December will be critical – this shortens considerably the period for implementation. In parallel, negotiations are underway on trade deals with other countries such as the USA, and any agreements could have implications for regulatory services and trading standards within the UK.
4. A recent [National Audit Office](#) report on UK government readiness concludes: *"The end of the transition period is unlike any previous EU Exit deadline in that, regardless of the outcome of negotiations on the future relationship between the EU and the UK, things will change. The government is planning for significant change at the border from 1 January 2021."* It states that government's approach has been to prepare for no deal as well as a trade

agreement – but noting that given the type of Brexit desired, the arrangements for customs and placing UK goods on EU markets are unlikely to be different with or without a deal. Elsewhere it reports that ‘*Departments have built on their no-deal planning and, although hampered by the challenges of the pandemic, have made progress in recent months implementing the changes to systems, infrastructure and resources*’. The NAO report states that delays are inevitable due to new checks introduced by Brexit, but unpreparedness of firms and hauliers could exacerbate this. UK traders must also assume the EU implements its stated intention of introducing full controls at its border from 1 January 2021 and government must recognise there will be disruption and put in place arrangements to monitor issues as they emerge and respond quickly to minimise impacts.

5. Government has confirmed its plans to introduce import controls on EU goods at the border after the transition period ends on 31 December 2020. This will mean traders in the EU and GB will have to submit customs declarations and be liable to goods’ checks in the same way as they do for the rest of the world. These controls will be applied in [three stages](#) up until July 2021; but regardless of these stages the implications for local businesses trading internationally are that they will require an EORI number and a customs agent. Government has provided £50m of support for customs intermediaries. The key milestones to note are:

31 October	Original deadline for agreement of deal (to allow time for ratification)
10 December	Next EU Summit
31 December	End of transition period
1 January 2021	New relationship with the EU or no trade deal with the EU. Traders have six months to complete relevant customs declarations (payments on any tariffs deferred till then). Checks on controlled goods. Physical checks at the point of destination or other approved premises on all high risk live animals and plants. Exports of animal products to the EU, including fish, will require an Export Health Certificate (EHC) which can be signed by local authority certifying officers. New immigration system comes into effect.
1 April 2021	All products of animal origin (POAO) – for example meat, pet food, honey, milk or egg products – and all regulated plants and plant products will also require pre-notification and the relevant health documentation.
30 June 2021	End date to make an application to the EU Settlement Scheme for those who arrived prior to 31 December.
1 July 2021	Traders moving all goods will have to make declarations at the point of importation and pay relevant tariffs. Full Safety and Security declarations will be required, while for SPS commodities there will be an increase in physical checks and the taking of samples: checks for animals, plants and their products will now take place at GB Border Control Posts.

Main Considerations

6. The government campaign '*The UK's new start: let's get going*' began on 13 July and aims to clearly set out the actions businesses and individuals need to take to prepare for the end of the transition period. Government have also provided some [guidance](#) for councils on preparing for 1 January 2021, covering the following areas:
 - Health and social care
 - Access to public services
 - The EU Settlement Scheme
 - Community engagement
 - Regulatory services
 - Internal operations
7. The full guidance is online but the essential points of the guidance that currently exists for these areas (in particular for local government) is summarised below:

Health and social care

- In the event of supply disruption, see if you can manage it locally as part of usual processes. Tell any other local partners that may be affected e.g. NHS. Contact the LRF if needed.
- Review your business continuity or contingency plans regularly
- Prepare with suppliers now and make plans that cover all the supplies we use – from machinery to bed sheets, food and medicine

Access to public services

- No change in entitlement to social housing for EU citizens living here before 31 December 2020; and none after if they live here and apply to the EU Settlement Scheme before 30 June 2021. New arrivals will be subject to the new immigration system.

The EU Settlement Scheme / community engagement

- Promote the EU settlement scheme. Reassure local EU citizens.

Regulatory services

- Register for IPAFFS as well as TRACES for animal imports from the EU to GB; submit notifications.
- Trading standards should prepare for questions from businesses on labelling, designation and safety requirements
- EU assessment of conformity may be accepted for a 'limited period' before GB conformity assessments are required for the GB market.
- Food and drink suppliers must not use EU emblems and label as GB; UK Geographical Indications will be recognised in the EU (and vice versa) but must be labelled as UK within three years
- UK trade marks will need to be applied for in addition to EU ones for those seeking protection in that market
- Additional export health certificates will be required (with small amount of potential increased demand for council)
- Additional training for environmental health staff and trading standards officers on food sampling and imported food controls may be required.

Internal (Council) operations

- We will need to check a job applicant's right to work in the same way as now until 30 June 2021; we cannot require them to show their status under the EU Settlement Scheme until after 30 June 2021.
 - A new immigration system will apply to people arriving in the UK from 1 January 2021 and EU citizens moving to the UK to work will need to get a visa in advance. EU citizens applying for a skilled worker visa will need to show they have a job offer from an approved employer sponsor to be able to apply. If we plan as an employer to sponsor skilled migrants from 2021, and are not currently an approved sponsor, we should consider getting approved [now](#).
 - With respect to data flows under GDPR, the EU committed in the Political Declaration to begin its adequacy assessment of the UK as soon as possible after the UK leaves the EU, endeavouring to adopt an adequacy decision during the transition period if the applicable conditions are met. Further action will be required to ensure personal data continues to flow if no adequacy decision is received
 - Procurement regulations will remain in place but there may be further flexibilities possible in future depending on the shape of trade deals.
 - Current waste shipping requirements will apply; waste exporters must complete waste notification and movement forms with details of the Customs Office of Entry into the EU
8. The main omissions from this list of guidance might be considered to be the council's role in relation to EU funding and more general advice for businesses. These are both areas covered by central government departments, as well as locally by the Swindon and Wiltshire Local Enterprise Partnership. However, the council still has a significant role to play in these areas and so an assessment of our readiness here has been undertaken.
9. EU funding for existing regeneration projects in Wiltshire is secure to the end of the existing EU budget period 2020; with match funding coming from HM Treasury or private business. In reality, it means that projects can continue to deliver until mid-2023. Since 2014, ERDF and ESF funding to England has covered 51 per cent of the total cost of the projects. RDPE has also provided the LEADER programme - rural specific support for businesses in Wiltshire. EU budgets for schemes such as ERDF, ESF and RDPE were set over a 7-year budget period (2014-20) and funded over 20 local projects (one of which is delivered by Swindon and Wiltshire Local Enterprise Partnership – SWLEP, and 5 more to Wiltshire Council.) All non-capital projects are delivered on a pan Swindon and Wiltshire basis. Approximations of current and future spend allocations in Wiltshire for the period for specific elements of ESIF are as follows:
- ERDF: £19m (for R&D and Innovation; SME competitiveness; Low Carbon Economy – excluding recent reopening high streets and recovery grants)
 - ESF: £19m (for Labour Market; Lifelong Learning)
 - EAFRD: £4m (inc rural growth programme)
 - LEADER: £7m
10. The funding above has delivered a range of interventions with match funding on occasion from Wiltshire Council e.g. Porton Science Park Phase 2. Government has promised a consultation on the replacement for EU funding,

through a new UK Shared Prosperity Fund (SPF). It is not yet clear whether the funding will be allocated on the basis of functional economic areas (LEPs) or to upper tier councils. Similarly, there remain unanswered questions about the interaction of the UK SPF with the development of a common devolution framework for England as well as other funds such as the Stronger Towns Fund and Future High Street Fund. Government have also already guaranteed to maintain funding in areas of the country such as Cornwall, who have been large recipients of EU funds. The Council is engaging with government to emphasise the need for the UK SPF to support infrastructure, the rural economy and key sectors present in Wiltshire (such as cyber and life sciences), that deliver against the aims of the UK Industrial Strategy. Final decisions about the design of the Fund are expected to take place after the cross-governmental Spending Review.

11. The Agriculture Act 2020 has recently become law and beginning next year the UK will transition away from a system of direct payments to landowners towards payment solely for public goods (planting trees, enriching wildlife, air and water quality, access, welfare, soil health, flooding reduction) by 2027. The new Environment Land Management System will also begin implementation soon. The Environment Bill will also establish the Office for Environmental Protection (OEP) to champion and uphold standards. Both will have significant implications for landowners in the county, including the council (and tenants of our 33 county farms). SW LEP have a rural economy sub-group which includes a range of key stakeholders in this area. Currently, applicants from Wiltshire receive approximately £50m a year in Basic Payment Scheme, £9m a year in Environmental Stewardship payments and £2m through Countryside Stewardship schemes.
12. As part of preparations for Brexit through late 2018 and 2019, Wiltshire Council maintained an internal readiness review document. This document has also been updated in light of the above guidance to take account of the need to prepare for the end of the transition period and in light of the slightly different context we now find ourselves in (including headings on EU funding and local business). See **Appendix 1**.
13. The readiness review has been circulated for further updates to all relevant directors and heads of service and will continue to be on a regular basis. Alongside this, heads of service have been reminded regularly of the need to review their service area's business continuity plans to ensure they account for any risks associated with the end of the transition period.

Risks and actions that will be taken to mitigate these risks

14. The readiness review document sets out the various measures that are being put in place to mitigate the risks that have been identified. The top three risks associated with the end of the transition period are as follows:
 - Access to Equipment/Services –difficulties importing parts or difficulty exporting affecting service delivery. Services potentially affected include Waste & Recycling (drivers, reverse logistics, delays at ports, storage space, EA permits once storage locations are identified etc)

- Demand Surge - caused by localised disruptions to fuel and food supply or by uncertainty. This may be magnified by potential panic buying & increased demand for business advice (with the risks greatest for our more vulnerable communities including clinically vulnerable groups & individuals & smaller businesses)
- Legal – uncertain regulatory climate contributing to ineffective trading standards enforcement coupled with high level of queries on product safety and food labelling requirements to a team already under pressure due to the pandemic; lack of equivalence recognition from EU contributing to uncertainty on e.g. information sharing and food standards.

Financial advice

15. The council received funding totalling £315k across the 2018/19 and 2019/20 financial years. This has funded work in teams across the council to prepare for Brexit and the possibility of a no-deal. No further funding has been made available to the council specifically for the ending of the Transition period in 2020/21.

Decision making

16. This paper draws on the council's Integrated Emergency Management Plan, which reflects the council's statutory requirements as a category 1 responder under the Civil Contingencies Act and sets out a framework for preparing and responding to emergencies. Those responsibilities are discharged through the work of senior officers with other partners on the Local Resilience Forum. This paper concerns the council's own preparations for the ending of the Transition period to enable it to contribute effectively to multi-agency discussions through the LRF and elsewhere. The LRF owns a range of specific multi-agency plans on issues such as traffic management and fuel disruption and receives monthly reports on risk profiles for rising tide scenarios. Multi-agency plans have been developed with extensive input from Wiltshire Council officers.

Legal Advice

17. The European Withdrawal Act enshrines in UK law the entirety of the body of EU law – the *acquis communautaire*. As such there will be no imminent change to legislation such as GDPR and secondary legislation will come into effect on 1 January 2021 to ensure minimal disruption. However, the government has previously stated that it may seek to legislate in areas such as the Human Rights Act and the availability of judicial review to balance the rights of individuals and the state. Depending on the shape of trade deals reached with other jurisdictions there may be further flexibilities on issues such as procurement and state aid in due course which could have significant implications for local authorities.

Workforce and Organisational Development advice

18. Workforce elements are considered within the Transition Readiness Review document.

Conclusions

19. It is recommended that:
- Cabinet note the assessment of the council's readiness for the end of the transition period.
 - Cabinet note the opportunity to shape the UK Shared Prosperity Fund and the potential implications of the government's approach to state aid

Terence Herbert, Chief Executive

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23 November 2020

Appendices

Appendix 1 – Wiltshire - Transition Readiness Review