

CABINET

DATE	4 th November 2020
REPORT OF	Leader of the Council
RESPONSIBLE OFFICER	Director for Communities
SUBJECT	Transition (EU Exit)
STATUS	Report Open
	Appendix NOT FOR PUBLICATION
	Exempt information within paragraph 3 of schedule 12A to the Local Government Act 1972 (as amended)
FORWARD PLAN REF NO.	CB 11/20/07

CONTRIBUTION TO OUR AIMS

This report addresses actions that are being taken in preparation for the end of the transition period on the 31st December 2020. The report addresses a range of issues, most notably those relating to additional controls at the border, that feed into the Council's agreed stronger economy and stronger community outcomes.

EXECUTIVE SUMMARY

The Council has statutory responsibilities as a Port Health Authority to ensure the compliance of certain goods arriving and leaving from Grimsby and Immingham. The border control arrangements, of all the issues linked to transition are arguably the most significant to the local area, its businesses and the Council. This report confirms the current position in respect of border control and the proposed staffing measures being put in place to ensure we can manage the anticipated impact of the changes being introduced. The report also includes additional wider concerns that need to be taken into consideration as a result of the EU-Exit and the impact on the borough.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Notes the report and requests a further update early in 2021.
2. Approves the adoption of the course of action identified as the "preferred option" as set out in Section 5 of Appendix 1 (Closed).
3. Delegates to the Director of Economy and Growth in consultation with the Director of Resources and Governance to implement the proposed staffing changes to enable the Council to meet its statutory responsibilities in respect of import and export controls.
4. Authorises the Chief Legal and Monitoring Officer to execute and complete all requisite legal documentation in relation to the matters outlined above.

REASONS FOR DECISION

The costs of the changes to the Council's staffing establishment exceed the key decision threshold.

1. BACKGROUND AND ISSUES

1.1 Since the 2016 referendum the Council has monitored the Brexit/ Transition developments. The issue has been the subject of regional and sub regional planning with the Local Resilience Forum and involved regular engagement with a range of government departments, most notably of late with DEFRA. The Council has an established officer group which was suspended during the Covid lock down period and reconvened in June. The group has considered a number of issues to mitigate risks and prepare for the end of the transition period (31st December 2020).

1.2 The areas under consideration have included the following:

1.2.1 Clandestines – recent years have seen an increase in the number of people trying to enter the country via the ports. Multi agency plans are in place in the Humber to ensure that there is a robust response to any reports received from Border Force. Exercises have been coordinated by the CCG and Public Health and awareness of the agreed protocols remains a high priority, particularly given the heightened risk of Covid.

1.2.2 EU Settlement Scheme – the deadline for the registration of EU citizens who wish to remain in the UK is June 2021. The Council has had an ongoing communications campaign promoting the government guidance on the scheme. North East Lincolnshire has experienced an increase in the number of European Nationals living in the borough in the last 10 years. 4,200 people had registered under the settlement scheme by August 2020.

1.2.3 New immigration rules – there was concern pre-Covid about the impact of the new policy on certain sectors in our local economy, particularly the care sector and food processing, where low paid lower skilled workers were recruited from abroad. The economic picture has changed significantly, with increased local unemployment. It is uncertain whether there will be additional shortages in some occupational groups which were traditionally filled by migrant workers.

1.2.4 Green Recovery - The Environment Bill is part of the UK response to leaving the EU and we will assess the impact of the measures in it for the Council as it will include targets, plans and policies for improving the natural environment. It will also create the Office for Environment Protection, waste and resource efficiency, air quality, water resource management, nature and biodiversity, conservation covenants, regulation of chemicals and recall of products failing to meet environmental standards.

1.2.5 Ports – transport logistics – significant planning took place pre-Brexit to ensure contingency traffic management plans were in place in and around the ports to try and mitigate traffic disruption. These plans are being refreshed at the Humber level via the LRF (Local Resilience Forum).

1.2.6 Border Control Post - Currently located in Grimsby on the ABP port estate, this has been the subject of dialogue between the Council and ABP for a number of years. The potential relocation and scaling up of the facility are now front and centre of discussions with DEFRA, ABP and the Council as part of the preparations to introduce the UK's Border Operating Model in 2021. Discussions are still ongoing in terms of the location of the facility and the nature and frequency of checks required.

1.2.7 Import and Export Controls - North East Lincolnshire Council currently contains the Port Health Authority function for Grimsby and Immingham Port. This makes the Council responsible for both port health checks on imported goods and inland food control including export controls. We are currently the only Council in England that handle all disciplines in any larger quantities.



Humber port complex is the largest (by tonnage) in the UK and have the fourth largest share of world tonnage in Northern Europe. Humber ports handle around 17% of total UK seaborne trade. Our ports in Grimsby and Immingham are large contributors to the Humber port success and are at the forefront of major development in offshore wind. The proximity of high-volume import and export locations have created a strong food manufacturing, food storage and logistic industry within North East Lincolnshire providing a substantial share of employment opportunities in the area.

The UK Government announced in February 2020 its intention to impose checks on EU (European Union) goods following the UK's exit from the EU, using a staged approach:

January 2021- Introduction of Import & Inland controls - Live Animals & High-Risk Animal By-Products will require pre-notification and the relevant health documentation. No physical checks at the border or requirement to go through Border Control Post (BCP). All EU origin fishery product imports to be accompanied by catch certificates (IUU – Illegal Fishing Controls). Expectation that EU will require Export Health

Certificates (EHCs) for all high-risk food & feed from UK & catch certificates for relevant fishery products.

April 2021- Extension of Import Controls - All imported products of animal origin (POAO) – for example meat, fish, honey, milk or egg products (responsibility of Port Health Authority) and the regulated plants and plant products (responsibility of APHA – Animal and Plant Health Agency) will require pre-notification and the relevant health documentation. No physical checks at the border or requirement to go through BCP at this stage.

July 2021- Implementation of Full Import Controls - Imported commodities subject to sanitary and phytosanitary (SPS) controls will have to be presented to BCPs. Catch certificate checks on relevant fishery products to be undertaken in conjunction with SPS checks.

EU exit will be a challenging time for many businesses reliant on import and export trade and will require them to rapidly adapt to new regulations and trade patterns. To ensure we preserve jobs, skills and employment in North East Lincolnshire, it is essential that the Council has sufficient regulatory resources in place to support businesses to become compliant and ensure new export and import requirements are delivered efficiently and without disruption to already stretched logistic chains. By delivering a high quality and responsive service, there is also great potential to attract new trade into the area. Due to logistic challenges with port and road network infrastructure in the traditionally high volume southern English ports, EU exit is a great opportunity for Humber ports to increase capacity. However, such investment is reliant on appropriate investment in regulatory resource to prevent delays in the logistic chain.

The recommended option (as detailed within Appendix 1 – Full Business Case) will enable the Port Health service to handle the increased demand and ensure that the Council can effectively support our food manufacturers and exporters. It is proposed that such increase will be completed through a phased approach to reflect the government's timescales for changes in control.

2. RISKS AND OPPORTUNITIES

- 2.1 There is a strategic risk on the Council's register which is kept under regular review by the Leadership Team. The outcome of the DEFRA bid and resolution of the location /funding of the Border Control Post are key external decisions which will directly impact on the Council.
- 2.2 This project directly contributes to the Council's strategic priorities for Stronger Economy and Stronger Community; issues arising in relation to the project could affect these aims.
- 2.3 Risk of unidentified or increased costs impacting on spend will be mitigated by in-depth feasibility studies and understanding of requirements with contingencies built in to accommodate these.

- 2.4 Risk of changes to government policy, change in EU policy or stance could impact on expected revenue income as outlined in Appendix 1 (Full Business Case).
- 2.5 Risk of failure/disruption of new UK control systems and the interaction between them.
- 2.6 Risks related to the ability to recruit suitably qualified staff within the timescales required to be mitigated by specialist recruitment support and creation of in-house training package to allow quick upskilling of staff.
- 2.7 The recommended option will develop a service provision which supports the local economy, Local Plan and Town Deal.
- 2.8 The recommended option will result in several new posts, many of which will include the opportunities for applicants of further on the job training to grow their knowledge and skills. This will increase availability of skilled employment in the area.
- 2.9 The revenue savings and efficiencies made would be long term, offsetting the revenue spend required.
- 2.10 The recommended option will:
 - Encourage a strong economy through the consistent application of regulatory control across the local food manufacturing, distribution, and retail sector.
 - Encourage the development of sustainable new businesses through the timely provision of new business advice and clear signposting of other sources of good practice information.
 - Facilitate the efficient movement of food/feed through the operation of a BCP, the provision of export health certificates, organic certification and auditing other movement documentation.
 - Support the Councils Medium Term Financial Plan by increasing cost recovery of service cost.

3. OTHER OPTIONS CONSIDERED

- 3.1 A full range of options have been considered and are set out in Appendix 1 (Full Business Case) of this report.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There are potential positive/negative reputational implications for the Council across the various issues highlighted in this report. The Council's communications team are fully engaged in transition planning and a plan is in place to promote guidance to businesses and individuals. Regular communications take place with the relevant Government departments (and MPs), Port Operators, relevant businesses and other stakeholders.

5. FINANCIAL CONSIDERATIONS

- 5.1 The Council received one off funding from the Government to support its Brexit preparations. Of the £890k allocated we have spent/committed £590k leaving a contingency of £300k. A bid has been submitted to DEFRA to meet the increased staffing requirement. If there is a funding shortfall, staffing levels will be reassessed and the contingency may be drawn down, in part or in full, to enable minimal staffing levels to be put in place.
- 5.2 There are no expectations of any call on capital expenditure at this time.
- 5.3 A new, expanded, Border Control Post should, based on conservative projection on trade volumes, see income cover increased staffing costs.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 The recommended option supports the Authority's environmental priorities by:
 - Leading North East Lincolnshire towards consuming resources more efficiently and supporting and developing the green economy and infrastructure
 - Recognising and realising the economic and social benefits of a high quality environment
 - Working towards a low carbon North East Lincolnshire that is prepared for, and resilient to, the impacts of climate change.

7. CONSULTATION WITH SCRUTINY

There has been no consultation with scrutiny.

8. FINANCIAL IMPLICATIONS

At the present time there is still a great deal of uncertainty in relation to the proposed business case. However, the additional posts would be temporary in the initial period with an expectation that they become permanent should income streams reflect the level of anticipated business per government predictions. The level of financial risk associated with the proposal will be mitigated through the receipt of grant funding from DEFRA.

9. LEGAL IMPLICATIONS

Whilst there is a degree of uncertainty around the impacts of the withdrawal from the European Union it is nevertheless clear that enhanced arrangements at borders will be necessary in terms of the statutory obligations and roles that the Council carries out. It is therefore prudent to meet the anticipated demand as set out in the closed appendix to this report. Emerging legal implications will be managed through engagement with relevant officers and internal governance processes and controls.

10. HUMAN RESOURCES IMPLICATIONS

HR advice has been taken in relation to the most effective way of recruiting to the additional posts that are set out in the business cases in respect of remuneration levels, process and contractual arrangements in accordance with the recommendations in this report and to comply with the Council's Constitution, legislation and the Council's policies and procedures.

11. WARD IMPLICATIONS

All wards.

12. BACKGROUND PAPERS

Border Operating Model <https://www.gov.uk/government/publications/the-border-operating-model>

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