

Cabinet



Date of meeting:	09 March 2021
Title of Report:	Ports and Borders
Lead Member:	Councillor Tudor Evans OBE (Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Kevin McKenzie (Brexit Office) and Katharine O'Connor (Port Health Authority)
Contact Email:	Kevin McKenzie
Your Reference:	CAB/003/09032021
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report provides an update to cabinet on the city's readiness for the implementation of Phases 2 and 3 of the UK Border Operating Model.

Recommendations and Reasons

Cabinet is asked to endorse the following recommendations:-

- Officers to continue to work closely with Associated British Ports with the aim of Plymouth being among the first local authorities to host a designated Border Control Post.
- Officers to continue to work on the South West logistic hub and consider the potential for it to be aligned to our Freeport.

Alternative options considered and rejected

Take no action; the resumption of Brittany Ferries services from Millbay in May 2021 require arrangements to be in place to support revised import and export requirements following the ending of the EU transition period.

Relevance to the Corporate Plan and/or the Plymouth Plan

The recommendations are consistent with our corporate values and our growing city priorities to achieve economic growth that benefits as many people as possible, quality jobs and skills and a green and sustainable city that cares about the environment.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising directly from the recommendations of this report

Carbon Footprint (Environmental) Implications:

The net impact of the proposals will be consistent with the Council's aspiration to achieve Carbon neutrality by 2030. Sourcing a greater proportion of our seafood from local fishermen and decreasing the mileage associated with exporting fishery products will reduce transport related carbon impacts.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

None arising directly from the recommendations of this report

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Ports and Borders							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	pl.20. 21.26 4	Leg	MS/2 /08.0 3.21	Mon Off		HR		Asset s		Strat Proc	
Originating Senior Leadership Team member: Giles Perritt (Assistant Chief Executive)											

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 08/03/2021

Cabinet Member approval: *Councillor Tudor Evans OBE (Leader)*

Date approved: 08/03/2021

PORTS AND BORDERS

1. Introduction and Background

- 1.1 We have provided Cabinet with regular updates about our state of Brexit preparedness. These reports have had a specific focus on the potential impacts that could arise at our port, not only because we are the Port Health Authority but also because of the importance of the Plymouth to Roscoff trade route to the sub regional economy.
- 1.2 Following the end of the Brexit transition period the UK Border Operating Model came into force on the 1st January 2021. The impact on us as a Port Health Authority has to date been minimal due to early decision of Brittany Ferries to suspend the ferry service. There has however been significant economic disruption across a number of industrial sectors.
- 1.3 The government has suggested that this disruption can be characterised as teething problems as industry comes to terms with our new trading relationship with the EU. The reality is that many of the problems are in fact a direct consequence of our leaving the Single Market and Customs Union, which not only could have been foreseen but which were specifically drawn to the attention of ministers by the Leader of the Council.
- 1.4 In December 2020 we reported to Cabinet that our survey of local business readiness revealed that 20% of respondents exported to the EU and that whilst 75% understood that the Border Operating Model would affect their trade with the EU only 8% felt well prepared for the end of the transition period. Through the Chamber of Commerce we were also aware that there was a feeling that many companies did not appreciate that these changes would be implemented whether or not we secured a trade agreement with the EU.
- 1.5 The impact of the changes on sectors like the shell fishing industry has been well documented and the Government have suggested that this is the result of a change of policy by the EU. In fact the Government was aware that the rules would apply permanently once the transition period ended and the Secretary of State acknowledged that fact in a letter sent on 10 December 2020. It is less well known that these rules also affect other products of animal origin used in food manufacture.

2.0 Port Health Impacts

- 2.1 The UK has operated a full, external border from January 2021, introducing new border controls in three stages up until July 2021. The key categories of goods and the processes for moving goods between GB and the EU are set out in the Border Operating Model.
- 2.2 From 1 January 2021, we have had a duty to issue catch certificates (for Illegal, Unreported and Unregulated Fisheries regulations) for EU fishery products being imported into Plymouth. We anticipate that requests for Export Health Certificates for fishery products leaving Plymouth will significantly increase. These are accompanied by a requirement to undertake extra checks and inspections to facilitate the proposed risk based regime. Because of the suspension of ferry services we have yet to feel the impact of this but these are new duties for us and we will have to make preparations to implement them when ferry services resume.
- 2.3 From April – July 2021, we are required to make 10% documentary checks on products of animal origin entering the port (meat, fish, dairy). We will not be required to do this from 1st April but we must ensure appropriate staffing levels and veterinary cover are in place for when the ferry service begins operating again. At the time of writing we are awaiting advice from DEFRA about how to carry out these checks and whether they are cost recoverable. This is making it very difficult to tender for veterinary services which are in short supply.
- 2.4 From July 2021, we are required to operate a fully staffed Border Control Post at the port to undertake documentary and physical checks on products of animal origin entering the port. We may also be required to detain some goods while samples are sent for analysis. There are no

existing facilities or staff at the port to undertake this function, and still many unanswered practical questions about the securing the Border Control Post within such tight deadlines, however plans are in place. They are further complicated by a lack of clarity from the Department of the Environment, Food and Rural Affairs on key specifications such as which rooms need to be chilled and the lighting requirements. We are aware through our partnership with Associated British Ports that where advice has been offered to other ports it is often inconsistent with the advice we have received.

- 2.5 Associated British Ports are striving to complete the facility by 1 July 2021 following an award of two thirds of the funding they sought in their Port Infrastructure Bid in December last year. Other ports have already said publicly that they will not be ready in time. On 3rd March the Deputy Director at the Department of the Environment, Food and Rural Affairs responsible for SPS Borders wrote to us advising that in order to mitigate the impact of any infrastructure delays physical checks on products of animal origin would be implemented at designated BCPs and the implementation of some aspects of the Border Operating Model would be delayed until 2022.
- 2.6 In addition to the necessary infrastructure all staff will require update training and we already know that additional Environmental Health Officers are not easy to recruit due to a national shortage. We understand that the Government is undertaking discussions to review essential qualifications for Port Health staff.
- 2.7 Discussions are ongoing with Department of the Environment, Food and Rural Affairs and South West Local Authorities regarding a South West logistics hub for the export of fishery products and products of animal origin. This may make the export health certificate process more efficient for exporters. A logistics hub would make 'groupage', where one lorry carries a range of different products, a lot easier and simpler. Exports might be further facilitated if the hub was located in close proximity to Millbay, or within our Freeport footprint.
- 2.8 French customs authorities have designated Boulogne sur Mer as the principal point of entry for fisheries products. There is a Border Control Post at Roscoff and this is designated for products of animal origin. At present it is not licensed for live animal exports which would have implications for the viability of the route for some exporters who have traditionally used this route, including the shellfish industry.

3.0 Economic and other impacts

- 3.1 The severe economic impact on our fisheries export sector is comprehensively documented in the report to Cabinet from our Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee covering the recent Fisheries Scrutiny Event. It says that that insufficient effort was made by ministers to prepare for foreseeable problems that would accompany the UK's departure from the single market and customs union at the end of the transition period.
- 3.2 We have not yet had time to comprehensively review the impacts on other sectors. The LEP has received funding to deliver a range of EU Transition focussed support, including specific telephone outreach and 1:1 support, plus workshops. The funding covered the period from November 2020 through to the end of March 2021 but as no offer letter arrived until February 2021 much of the activity started in the New Year, with a very compressed delivery window.
- 3.3 It is notable that Brexit related enquiries now outstrip COVID enquiries by a significant degree, the telephone outreach service has received 263 enquires related to EU transition and overseas trade compared with 30 around COVID and related support schemes. The enquiries are mainly coming from SMEs and Microbusiness who it may be reasonably assumed would be less likely to be able to easily absorb the administrative burden imposed by the new export checking regime.
- 3.4 As we predicted in the Cabinet update in December 2020 the impact of the end of the transition period is compounded by the ongoing COVID pandemic. The most obvious

consequence is the decision of Brittany Ferries to extend the suspension of ferry services until May 2021. Their corporate press office have made the following statement: -

“The move follows continued stringent travel restrictions for passengers on both sides of the Channel. Only essential travel is currently permitted, and there is little prospect of this easing in the near future. Four ships that are currently laid-up, but which had been due to resume service in late March, will not now resume service until mid-May at the earliest.”

The ROPAX system where commercial freight taken by passenger ferries is effectively subsidised by tourism. Low demand means that it is not viable to run freight only services.

- 3.5 Whilst this has given us a longer window to prepare for the impact on our Port Health service it is not good news for our shell fish exporters whose main market is in Brittany and who are faced with a 1000 mile round trip to get the products to market. The extended trip adds 13 hours to the journey and directly affects the price they receive when their goods are sold. This represents a ‘double whammy’ of increased costs and reduced market prices. The shellfish industry is relatively quiet at this time of year but begins to ramp up from April onwards.
- 3.6 The resumption of ferry services may raise again the question of delays at Millbay due to hauliers not having the correct paperwork. The situation remains problematic at other UK ports and whilst we have not seen the predicted queues in Kent this appears to be because the volume of UK/EU trade transiting the ports has significantly reduced. UK exports to the EU are reported to have fallen by 68% in January 2021. At the same time the price of containers has doubled, suggesting that more freight is being moved through other routes. This is not a realistic option for the Shellfish industry or for exporters of most other products of animal origin.
- 3.7 Hauliers carrying export goods leaving the South West peninsula to cross via other routes are required to have a COVID test before they are able to board. At present the closest COVID testing facility is in Reading. The advice of the Department for Transport has been that drivers should take the test before picking up their load but this is clearly an impractical option for a driver whose load may be in the far west of Cornwall and will certainly be an unsatisfactory option for hauliers seeking to board at Millbay when the ferry service resumes.
- 3.8 The Customs Declaration System which will replace the aging CHIEF system was supposed to be delivered by January 2019 and fully operational before the end of the transition period. In 2018 the National Audit Office flagged up the risk that it would not be delivered in time and criticised contingency plans to continue to run CHIEF in parallel as a temporary solution at a time when an estimated additional 145,000 UK businesses would begin to trade with the EU as a third country. HMRC were specifically criticised for their poor engagement with businesses who trade with the EU who would need to make customs declarations for the first time.

4.0 Conclusion

- 4.1 Whether these are teething problems as the government suggests, or simply the new reality of trade with our geographically closest trading partners they could and should have been on the government’s radar long ago. In September last year when we updated Cabinet on our organisational and city wide risk registers, the majority of the problems identified in this report were included in the update and had in fact been included in our risk register since it was first established in late 2018.
- 4.2 The fact that such apparent lack of preparation is spread across so many Government departments can perhaps be partially attributed to the need to simultaneously manage the COVID pandemic. With the benefit of hindsight the Government’s decision to fix the date for the end of the transition arrangement in primary legislation was a mistake. The withdrawal agreement allowed for an extension which would have given more time for critical systems and infrastructure to be put in place.

- 4.3 The fact that the Department for Business, Energy and the Industrial Strategy, the Department for Transport and HM Revenues and Customs have all been late in delivering important contributions to our preparedness, should not distract our attention from the critical role played by the Department for the Environment, Food and Rural Affairs.
- 4.3 The likely impact of Brexit on our fisheries has been no secret. In fact the Leader has written to Ministers in the Department on four occasions flagging up the potential impact of Brexit on our industry and how this would be conflated by the ongoing COVID pandemic. We have repeatedly asked to meet with the Fisheries Minister on behalf of the South West industry, for whom the Leader is the designated regional Local Authority spokesperson. We have secured an invitation to, and attended, the cross departmental Border Delivery Group and the Leader has attended the All Party Parliamentary Group on Fishing to speak out for the industry.
- 4.4 Our response to the crisis that this has precipitated for the fishing industry is set out in the recommendations made by the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee covering the Fisheries Scrutiny Event.
- 4.5 We are, despite the challenges making good progress in our preparations to implement the necessary system and infrastructure at Millbay thanks to a good partnership with our port operator Associated British Ports. Their decision to prioritise delivery of a Border Control Post should enable us to be among the first to be operational.
- 4.6 We have an opportunity to secure for our City not only the trade that we already had prior to Brexit, but also to provide an alternative route to market for trade that would ordinarily go via other south coast ports. It will not be easy but we will work with Brittany Ferries to ensure that our freight services are viable and our Port Health Authority will work with their colleagues on the other side of the Channel to secure the route for our shell fishermen.
- 4.7 We will continue to work with our civil service colleagues at the Department for the Environment Food and Rural Affairs on a logistics hub for the South West and consider the benefits of aligning this to our Freeport.

Appendix I

Extract from Brexit Organisation Risk Assessment Update for Cabinet September 2020

Ref	Risk Description	Mitigation	Residual Risk
EU/S02	<p>Description: Failure to respond to new burdens relating to new port responsibilities</p> <p>Cause: Insufficient staffing resources to prepare for likely Port Health responsibilities/lack of clarity about specific responsibilities for import/export port health role and likely volume of work</p> <p>Impact: Breach of legislation Reputational damage</p> <p>Mitigated score 12</p>	<p>Border Operating Model published and Port Health responsibilities clarified.</p> <p>Cost of providing Border Control Post included in ABP bid to be submitted on Friday.</p> <p>Bid already made for additional officer resources to issue Export Health Certificates and Catch Certificates from 01 January.</p>	<p>Bid for BCP costs may not be successful and commercial model is not viable on current volumes.</p> <p>Trained staff for Port Health functions will have to be diverted from Food Safety inspections which are a statutory duty and we are already expecting a negative report from the FSA.</p>
EU/I01	<p>Description: Failure to manage stakeholder Brexit information, advice and guidance due to ongoing uncertainty</p> <p>Cause: Large volume of enquiries from Businesses, EU nationals, tourists, expats and hauliers</p> <p>Impact: Lack of information availability to stakeholders Businesses unable to make adequate preparation for business continuity prior to Brexit Wrong advice given Impact on internal capacity (may struggle to meet increasing demand due to continuing uncertainty)</p> <p>Mitigated score 12</p>	<p>Advice provided for business on Growth Hub webpage.</p> <p>Government publicity campaigns are aimed at encouraging business to prepare for an Australia type deal.</p> <p>Meetings with Plymouth Business Brexit Group re-established, briefing of current trade developments delivered to last meeting 7 October.</p>	<p>Many of the issues affecting business are still unclear e.g. Trade Bill and Immigration Bill are still transiting parliament.</p> <p>Government has yet to publish customs arrangements because trade talks are ongoing.</p> <p>PBBG concerned about lack of clarity and recruitment of EU staff from 01 January and immigration rules.</p>
EUEI03	<p>Description: Brexit impacts worsen economic impacts of COVID 19 and drive increased service demand</p>	<p>Brexit food, medicines and group met and concluded we were</p>	<p>Bank of England MPC assessment of a failure to agree a trade deal</p>

	<p>Cause: Cost of living increases drive poverty</p> <p>Impact: Greater demand on needs assessed services</p> <p>Mitigated score 12</p>	<p>duplicating the COVID response which is currently a stronger driver. We will feed Brexit issues into COVID food security group.</p> <p>No current signs of community tension around Brexit.</p>	<p>with the EU could lead to a deeper recession and slow the economic recovery from COVID in the medium term.</p>
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