

**AGENDA ITEM**

**REPORT TO CABINET**

**25 FEBRUARY 2021**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET INFORMATION ITEM**

**Leader Of The Council – Councillor Bob Cook**

**BREXIT – SUPPORT FOR BUSINESSES BEYOND THE UK TRANSITION**

**SUMMARY**

The UK is no longer a member of the European Union (EU) following the signing of the Withdrawal Agreement and the transition period ending on 1 January 2021. New rules for business with Europe are now in place and Stockton-on-Tees Borough Council is committed to supporting businesses to understand which rules affect them and the potential impact over the medium to longer term.

**REASONS FOR PRODUCING THE REPORT**

The report has been produced to provide Members with an overview of the new rules in place for business with Europe and the support available to businesses.

**DETAIL**

**Pre EU Transition**

1. Ahead of the transition period ending on 1 January 2021 the Local Resilience Forum (LRF) had been preparing a range of Brexit scenarios against a series of 106 Technical Notices and Reasonable Worst Case Planning Assumptions produced by Government; designed to ensure the public and businesses had access to information in preparing for an exit from the EU.
2. Steps were taken to assess the content of those Notices against the existing local risk register held by the LRF and an action plan produced to lessen any potential impact especially relating to a no deal situation.
3. With the passing of the transition deadline there has been little to no impact locally, and it is now deemed prudent to move towards more focused monitoring for the medium and longer term in terms of the economic impact of Brexit in the Borough.
4. Public information campaigns, information and webinars on the actions that businesses and people must take to adapt and new rules on exports, imports, tariffs, data and hiring were established for businesses and publicised via the Council's social media along with a link to the Government's Brexit Transition Hub.
5. If more detailed information and guidance is needed Council Officers are working with the TVCA that has set up a function specifically for those purposes, which has a 24-7 support line, one-to-one support, and access to custom training grants.

## **Post EU Transition**

6. Many of the new Brexit rules relate to business operations. SME readiness is crucial, as small businesses employ many local people and their turnover contributes to the economy.
7. The Government's 'Let's Keep Business Moving' campaign includes a useful toolkit where businesses are encouraged to use the Brexit checker tool. Stockton Council officers continue to work alongside the Tees Valley Combined Authority to prepare businesses for any disruptions.
8. Several representative bodies have also produced publications for their members, such as the British Chambers of Commerce, the Federation of Small Businesses, Institute of Directors, and Made UK (a guide for manufacturers).
9. A series of FAQs have been developed for citizens covering: "Do I need to do anything differently when visiting the EU?"; I'm a UK citizen living in the EU. What do I need to do?"; I'm an EU citizen living in the UK. What do I need to do?"; Does this apply to me if I'm living in Scotland Wales or Northern Ireland?"; I'm a British citizen / Irish citizen. Will my Common Travel Area rights continue after the Transition Period?"; What is the Withdrawal Agreement?".

## **Impact of COVID-19**

10. The Brexit process commenced prior to the global COVID-19 pandemic and the impact that has had on the UK, EU and Global economies. The impact of the pandemic on local business will be felt for months and years to come and, therefore, the true and full impact of Brexit may not be known for many years. It may also be difficult to attribute future business events to either one of these issues distinctly but rather a combination. The Council will continue to gather information and intelligence from the local business community to understand these events, their causes, and the consequences to the local economy.

## **EU Funding and Transnational Programmes**

11. Council Officers will report back once their work with the TVCA who is going to undertake some analysis to look at the local impact of EU Exit / EU – UK Trade and Co-operation has concluded.

## **Foreign Direct Investment**

12. The imposition of tariffs could lead to the reduced appeal of Stockton-on-Tees and the wider Tees Valley as an attractive location for foreign direct investment. Stockton Council officers are developing Stockton's inward investment offer to businesses; profiling areas such as, "Why Stockton", "Business Support", "Key Sectors", "Investment Portfolio" amongst others.

## **Exports / Imports**

13. To continue trading with the EU, businesses would need to follow new rules for exporting and importing, including changes to customs processes and licensing. It is recommended that businesses get a contract in place as soon as they can with a customs intermediary like a freight forwarder or customer broker. If they are preparing to move goods under the Northern Ireland Protocol, they should register for the free Trader Support Service.

14. An EU trade deal has been agreed, which means businesses do not have to pay duty on exports to the EU. However, effective from 1 January 2021 there are still new processes relating to customs declarations and VAT that apply to all exports.
15. Depending on the goods that businesses import, they may be able to defer customs declarations until 1 July 2021. However, they would need to clarify whether their goods were 'controlled goods' or IPAFFS goods to determine when they would need to make declarations. Businesses are encouraged to familiarise themselves with the UK Global Tariff, which establishes the tariff rate on imports.
16. A GB EORI number would be needed to import goods from Europe. If a business imports from Northern Ireland they would also require an XI EORI number. Also, if they are responsible for completing the import customs declarations in any other EU member state they sell to, they also need an EU EORI number.
17. A health certificate or licence may be needed when certain products are imported such as animals, animal products and excise goods.
18. With new customs declarations and VAT procedures it will be important for businesses to consider the most appropriate International Commercial Terms (Incoterms) in their sales negotiations. The 11 Incoterms determine who is responsible for the transport, tariffs and insurance on goods travelling between countries.

### **Delivering services between the UK and the EU**

19. EU-qualified staff should make sure they can continue to provide professional services to clients in the UK by ensuring their professional qualification(s) are recognised by the relevant regulatory or professional body in the UK. They may also need to have their UK professional qualification officially recognised if they want to work in a profession that is regulated in the EU / EEA or Switzerland.

### **Tariffs**

20. The UK now has a trade agreement in place with the EU. However, whether a business pays duty is based on the Rules of Origin – if the produce they are exporting is not of UK Origin, then tariffs will be payable based on the Certificate of Origin accompanying their goods. Tariffs would be payable on all imported and exported goods unless they are trading with:
  - A nation who have a Free Trade Agreement with the UK
  - A nation who falls under the UK Generalised Scheme of Preference
  - A nation who have tariff relief or a tariff suspension
21. The UK Global Tariff will determine the tariff rate which is payable on imports. For exported goods you will need to apply the Most-Favoured Nation terms of the importing country. This tariff will depend on the country and the product. In order to confirm the correct tariff rate for your product you will need to apply the correct commodity code.

### **Data**

22. From 1 January 2021, businesses would need to have an alternative transfer mechanism, such as Standard Contractual Clauses (SCCs) in place with EU counterparts to ensure you can keep personal data flowing. There are currently no changes to the way businesses send personal data to the EU.

23. Business would no longer be able to register or renew a .eu domain name if a business is established in, and the owner lives in the UK.

### **Hiring / Attraction and Retention of Talent**

24. For EU citizens who currently reside and work within the UK, they would need to apply to the Settlement Scheme before 30 June 2021. If a business wants to employ any non-UK or non-Irish staff after the 1 January 2021, businesses would need to be listed as a licenced sponsor with the Home Office and provided with a unique reference number that a worker can use to apply for a visa.
25. Most new employees would come through the 'skilled worker route'. However, there are a variety of visas which may be applicable for a business and there are different regulations and standards for the various visas.

### **Next Steps**

26. It is clear that the specific impacts of Brexit will be felt at different times not least because of the current COVID-19 pandemic. There will be a need for the Council to monitor these and provide advice, guidance or support where and when it is required. For example, in the last few weeks issues concerning touring artists and performers no longer being guaranteed visa-free travel and the possible need for additional work permits to play in some countries has been highlighted.
27. The Council would continue to work with the TVCA to establish sector strategies for key industries with a particular focus on maintaining and developing the supply chain, to encourage investment in those areas that would most benefit industries in which the UK has existing strengths; and to implement policies that support an attractive investment climate, in particular investing in adequate new transport infrastructure, investing in sufficient generating capacity to provide affordable power and renewable energy.
28. Regular updates would be provided to businesses and residents on the support that is available to them.

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