
EU EXIT: CHARGING REGIME FOR EXPORT HEALTH CERTIFICATES

1.0 EXECUTIVE SUMMARY

- 1.1 On the 31st January 2020, the UK left the EU entering into a transition period that ends on the 31st December 2020. At the time of writing this report, details of the final agreement is not yet known. Worse-case scenario is that the UK is classed as a 'Third Country' for purposes of trade, and businesses exporting products of animal origin to the EU and Northern Ireland will need to apply for Export Health Certificates (EHCs). This will have significant implications to the export sector particularly within Argyll and Bute, and create a resource burden on local business and Regulatory Services who will have to try and meet the additional demand for export health certificates.
- 1.2 We have a charging model in place for export health certificates and there is a need to be prepared for the eventuality of EU exports requiring certification. It is proposed that the current charges be applied for exports to the EU, as well as non-EU countries, pending a more detailed review of details of any trade agreement and UK/Scottish Government guidance.
- 1.3 There is likely to be additional requirement on food authorities to support exporter's accessing the EU market through additional interventions/inspection. For businesses who choose to use commercial hubs, rather than local authorities for Export Health Certificates, attestations required. It is proposed to apply a charge to this new work, either based on a national charge, or in its absence a flat rate of £100 per attestation, with additional interventions charged on a full cost recovery basis.
- 1.4 Financial: Additional income from work associated with EU exports, will require to be used by the service to resource this new work and meet demand. It was predicted that a no deal would result in an additional 20,000 EHCs for Argyll and Bute, but recent developments suggest that many of our larger exporters will be using the commercial hubs. This reduces the immediate demand on Council environmental health services on the 1st January 2021 in the event of a no-deal, although additional work will require to be resourced and managed.

- 1.5 To recommend to Council that they note that the existing charging model for export health certificates in 4.5 will be applied to EU certification as of the 1st January 2021, and to approve a new fee for attestations either based on the national fee, or in its absence, a local charge of £100 per attestation, plus the full costs recovery for additional interventions or inspections.

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2.0 INTRODUCTION

- 2.1 On the 31st January 2020, the UK left the EU entering into a transition period that ends on the 31st December 2020. At the time of writing this report, details of the final agreement is not yet known. Details of the final agreement and its impact. Worse-case scenario is that the UK is classed as a Third Country' for purposes of trade, and businesses exporting products of animal origin to the EU and Northern Ireland will need to apply for Export Health Certificates (EHCs). This will have significant implications to the export sector particularly within Argyll and Bute, and create a resource burden on business and Regulatory Services who will have to try and meet the additional demand for export health certificates.
- 2.2 The Council's ability to meet the demands of business in the event of a no-deal, is a high risk and there has been significant work undertaken to try and mitigate this at a local and national level. Recent developments of commercial hubs in central Scotland may go some way to reducing this burden, but it is important that the Council have adequate arrangements in place to mitigate these risks. The Council environmental health services are mobilising plans, with one of the actions is to have a charging regime agreed by Council.

3.0 RECOMMENDATION

- 3.1 To recommend to Council that they note that the existing charging model for export health certificates in 4.5 will be applied to EU certification as of the 1st January 2021, and to approve a new fee for attestations either based on the national fee, or in its absence, a local charge of £100 per attestation, plus the full costs recovery for additional interventions or inspections.

4.0 DETAIL

- 4.1 Food exports are a significant part of the Scottish and UK economies and there is strong interest from both the Scottish and UK governments

in increasing levels of trade. Increasing food exports is a key aim of the Scottish Government's National Food & Drink Policy and Strategy. The export sector (e.g. shellfish, fish and whisky etc.) is a key employer and EU Exit has potential to negatively impact on the sector in terms of exporting to the EU and likely trade tariffs.

- 4.2 From 1 January 2021 the UK will be considered by the EU as a 'Third Country' for purposes of trade and businesses exporting products of animal origin to the EU and Northern Ireland will need to apply for Export Health Certificates (EHCs). The Council's Environmental Health service enforces food control within these business and presently issues Export Health Certificates (hereafter referred to as EHC's) for consignment to non-EU countries. This certification is likely to extend to EU consignments and to minimise the impact of local authorities and meet business demands, logistic/commercial hubs are being established in Central belt to meet this new demand.
- 4.3 Nationally there is recognition that the EHC fee should support the competitiveness of Scottish companies and enable fair recovery of costs to Council in administering them. Currently there is no national fee set but there is work under development for a hybrid model of charging to set a basic charge with an additional charge depending on size of consignment and local variables such as travel and other costs. There is some uncertainty around demand for the Council service, but projected demand is now considerably less than the 20,000 predicted previously, due to the impact of commercial hubs. Notwithstanding this, it is critical that income generated will be used to recruit additional resources to meet this new demand.
- 4.4 The situation is ever changing and work is ongoing to identify the EU arrangements which local exporters have in place. Previously, the majority indicated that they were likely to seek export certificates from Argyll and Bute Council, although recent information suggests that the larger exporters will be accessing the commercial hub model. It is worthy of noting, that EU Exit EHC's will be in addition to the current certification to non-EU countries and this may increase as a result of other trade deals.
- 4.5 Nationally there is recognition that the EHC fee should support the competitiveness of Scottish companies and enable fair recovery of costs to Council in administering them. Currently there is no national fee set but there is work under development for a hybrid model. The Councils current charging model for EHC's changed in 2020 to reflect business representations with revisions to the small quantities charge, namely

Charge for Export Health Certificate (>60 kg weight)	£96.56
Small quantities charge (<60 kg weight)	£42.00

- 4.6 To support the issuing of EHCs at the Hubs, businesses supplying and using the Hubs are required to provide evidence their premises which supply the Hub are compliant with food safety legislation. Supporting attestation must be supplied by the Council who have food safety regulatory responsibility for the operational premises of the business. Officers from the Council are required to carry out random checks on these originating premises to ensure compliance and to then issue the Supporting Attestation. The frequency of checks is based on the Council's food safety rating of the businesses and will vary.
- 4.7 By applying the existing charging regime for export health certificates to non-EU and EU countries (depending on the outcome of the EU trade agreement) this will ensure that we are able to support the export of goods to the EU as of the 1st January 2021. A new charge can be made for attestations and the system of charging is currently being discussed with Food Standards Scotland. It is important to apply an attestation charge and to charge for additional work, to resource the service in meeting new demands.

The proposal is to apply a new attestation charge and proposed is to apply the national charge, and in its absence, a local charge of £100 per attestation, PLUS full costs recovery for additional interventions or inspections as appropriate.

5.0 CONCLUSION

- 5.1 At the time of writing the report, there are uncertainties on demands for EHCs in 2021, both in trying to estimate whether the non-EU export trade will recover and the "new demand" for EU trade. Officers will continue to liaise with local companies to refine estimates but the uncertainties at this time must be noted.
- 5.2 Despite the uncertainty on any trade deal between the EU and the UK, it is important that we prepare for food exports to the EU requiring export health certificates and increased demand for local export business. The introduction of commercial hubs may have reduced projected demand on Council services, and therefore the risks, but it is essential that the Council have a charging regime in place for the 1st January 2021 for these new services. It is the intention to review the charging regime in July 2021 once demand has settled and this will be subject to a further report for consideration
- 5.3 The Council's Environmental Health Team are working hard to prepare for EU Exit, although there may be difficulties meeting projected demand due to available resources and the demands of COVID regulation. Preparation works include increasing the number of certifying officers to be able to undertake this work; inspection of fishing vessels; preparing attestations for businesses who may use commercial hubs and upskilling administrative staff and processes.

6.0 IMPLICATIONS

6.1	Policy	Commitment of Scottish Government and COSLA.
6.2	Financial	There will be new income for EU export health certificates, which will require to be used to provide additional resources to the environmental health team to meet this new demand.
6.3	Legal	There is no legal obligation on the Council to issue health certificates, and this work is done to support local business with their export trade.
6.4	HR	Additional resources will be required to meet projected demand, funding from income.
6.5	Fairer Scotland Duty	The export sector is a key employer in the Argyll and Bute and EU Exit has potential to negatively impact the sector in terms of exporting to the EU. It is intended to the export business to mitigate any potential negative impact on jobs and local economies.
6.6.1	Equalities - protected characteristics	None
6.6.2	Socio-economic Duty	EU Exit has potential impact on communities and business.
6.6.3	Islands	Charging regime will be the same for island and mainland businesses.
6.7	Risk	<ul style="list-style-type: none">• The charging regime may, together with any tariffs., may not be sustainable for some business• That the Council are unable to meet the additional regulatory and business demands arising from EU Exit and without additional resources, this will impact on other statutory work• Reputational risk to Council in not supporting the fish and shellfish sector and the export market.
6.8	Customer Services	There will be a need for ongoing liaison with the business sector once further details are available.

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