

CABINET

DATE	16 th June 2021
REPORT OF	Councillor Philip Jackson, Leader of the Council
RESPONSIBLE OFFICER	Helen Isaacs Assistant Chief Executive
SUBJECT	Transition (EU Exit) progress
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	Appendix NOT FOR PUBLICATION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 06/21/11

CONTRIBUTION TO OUR AIMS

This report provides updates on actions following the end of the transition period on 31st December 2020 and progress relating to additional controls at the border, as well as additional demands for certifying exports of food from North East Lincolnshire, that contribute to 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 into Grimsby and Immingham ports. It also provides a discretionary service to certify certain food consignments meet relevant public and animal health standards when destined for export to Northern Ireland, EU Member States and non-EU countries. 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 staffing measures which have been put in place to ensure we can manage the anticipated impact of the changes being introduced. The report also requests approval to undertake and subsequently award a procurement exercise for the provision of Portal Official Veterinarian services.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Notes the update in Appendix 1 (Closed) and requests a further update during 2022.
2. Authorises the Executive Director Environment, Economy and Resources to enter into a lease with Associated British Ports (ABP) to deliver Port Health services at the new Border Control Post.

3. Approves the commencement of a procurement exercise for provision of Portal Official Veterinarian services.
4. Delegates responsibility to the Executive Director Environment, Economy and Resources in consultation with the Portfolio Holder of Safer & Stronger Communities to deal with all matters leading to and including the award of the contract for the provision of Portal Official Veterinarian services.
5. Authorises the Assistant Director Law, Governance and Assets (Monitoring Officer) to execute and complete all requisite legal documentation in relation to the matters outlined above.

REASONS FOR DECISION

The decision allows the Council to commence a procurement exercise for Portal Official Veterinarian services and allows the Council to award the contract.

1. BACKGROUND AND ISSUES

- 1.1 Cabinet approval was given on 4th November 2020 to proceed with the preferred option as set out within Section 5 of the Cabinet report of Appendix 1 (Closed report). Following this approval, recruitment for additional staffing resource for the Council was undertaken via a staged approach (in line with the Government's phased approach). Further details of all recruitment information can be found within Appendix 1 (Closed) of this report. A technical glossary of acronyms and abbreviations used within both reports is included within Appendix 2.
- 1.2 The following progress has been made to date in respect of Transition (EU Exit):

1.2.1 EU Exit

Most of the risk issues identified with leaving the EU have been mitigated or deferred. Some of the impacts of Covid, in terms of the movement of goods, services and people, have obscured any impacts (positive and negative) of leaving but generally port trade has held up, we have not seen a relocation of businesses and most EU citizens in the area have remained in North East Lincolnshire.

1.2.2 Department for Environment, Food & Rural Affairs (DEFRA) Port Health Transition Fund

The Council was successful in securing £831,266 (out of a total grant availability £5,237,962) from the Port Health Transition Fund (notification received mid-November 2020), which was the second largest funding allocation from a total of 19 accepted bids from Port Health Authorities.

This funding has enabled the Council to prepare for EU Exit by undertaking the required recruitment of additional staff and putting new systems and processes in place to manage increased volumes, greater consignment complexity and demand on the service.

We are engaged in regular meetings with DEFRA, Food Standards Agency (FSA), and other key stakeholders in relation to providing readiness progress updates.

1.2.3 Export Controls

Following the end of the EU transition period and the outcome of the UK-EU trade negotiations, all Products of Animal Origin (POAO) consignments and High-Risk Food Not of Animal Origin (HRFNAO) being exported from the UK to the EU must be accompanied by Health Certification.

As an international food manufacturing, storage and distribution hub, substantial numbers of consignments leave North East Lincolnshire destined for EU and non-EU countries. Whilst a discretionary function, the issuing of Export Health Certificates (EHCs) to local industry is a well-established service provided by the Commercial Regulatory Team. It was inevitable that we would receive a step change in demand for Export Health Certification once it became a requirement for consignments destined or transiting through the EU.

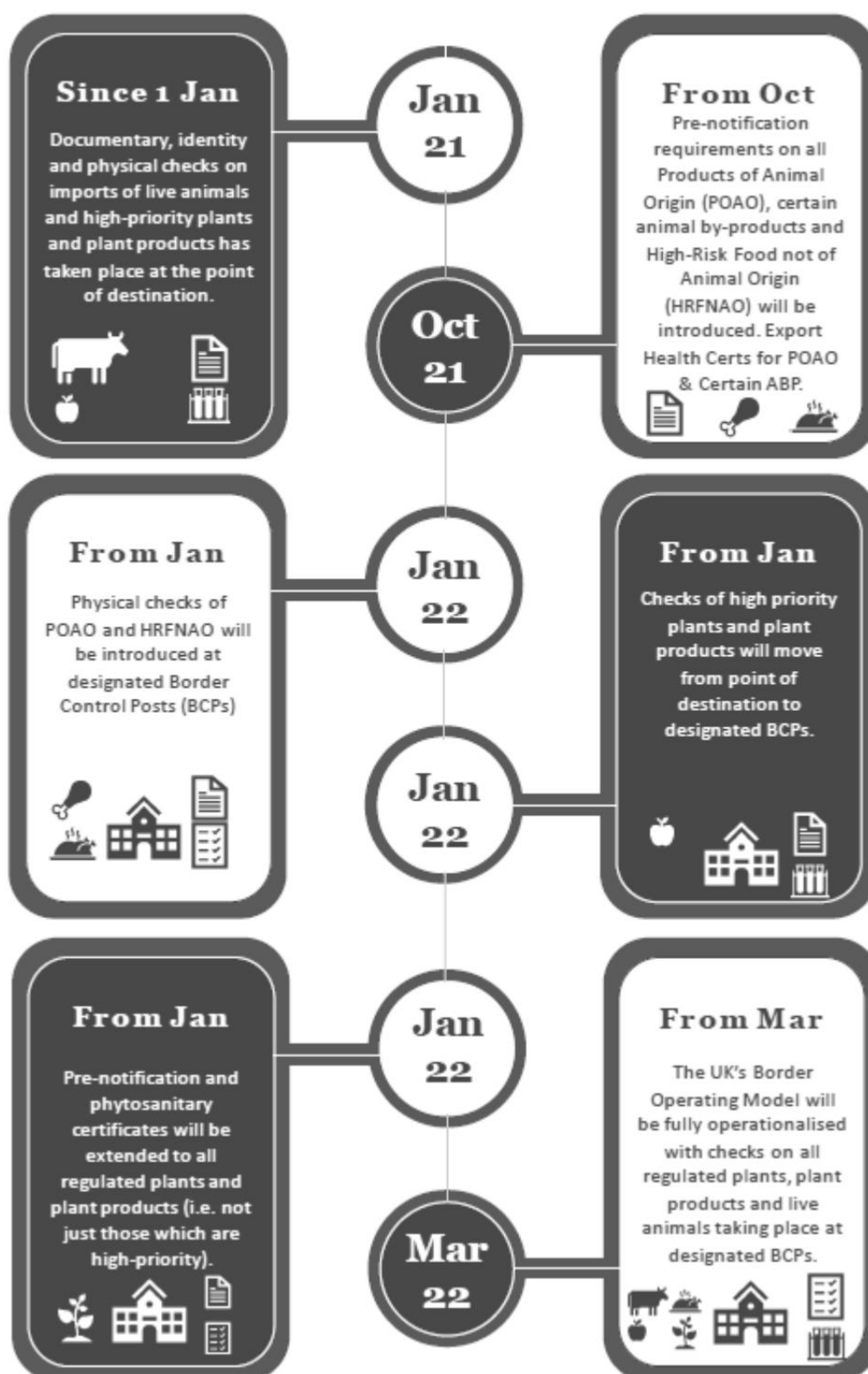
Preliminary estimations indicated that up to 10,000 requests for EHCs could be received on an annual basis. Further information on current demand to date can be found within Appendix 1 (Closed) of this report.

1.2.4 Import Controls

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

Documentary, identity and physical checks at the Border Control Post (BCP) will continue to be introduced in a phased approach, from 1st October 2021. Please see the below diagram that provides the overview of Government implementation timescales.

Government implementation timescales



The service is on target to meet the above revised timescales based on DEFRA estimations of expected demands. The 6-month delay to introduction of phases 2 & 3 of the Border Operating Model will impact on cost recovery income streams, as mandatory charges for financing official controls on EU imports will not be applied in full until 1st January 2022. DEFRA have confirmed that any shortfall in cost recovery for import controls will be covered during 2021-22. Possible funding support for 2022-23 and beyond is not yet known.

1.2.5 Border Control Post (BCP)

The current BCP is located in Grimsby on the ABP port estate. As part of the preparations to introduce the UK's Border Operating Model, ABP have secured grant funding from the Port Infrastructure Fund. This will facilitate a BCP designed to ensure that the Council can carry out its role as Port Health Authority.

The location of the new facility is within the ABP port estate, Queen's Road, Immingham. The new BCP will be a multi-functional facility occupied by the Council, Border Force and the Animal and Plant Health Agency (APHA).

The new BCP will be ready for occupation prior to 1st January 2022, ahead of the implementation of full Import controls (latest expected completion of construction is end August 2021). The Council will be entering into lease arrangements on terms that have been settled to enable the Port Health service to handle anticipated increased demand and ensure that the Council can effectively support import food controls.

It is the intention of ABP to retain the approval status of the existing BCP facilities at Grimsby port for a period of time until we can agree full operational arrangements, particularly with regard to relevant consignments arriving through Grimsby rather than Immingham. This will result in a need for the Council to staff two BCP facilities concurrently.

Contingency plans for traffic management around the ports have not been needed but are available if circumstances change.

1.2.6 Portal Official Veterinarian Service provision

The BCP is currently approved for frozen POAO for human consumption and HRFNAO (food not feed), in reality the consignments presented for examination are almost exclusively fish. Official Fish Inspectors and authorised officers have the authority to make decisions on imported fishery products and HRFNAO. Official Veterinarians (OVs) are responsible for all animal and animal product imports. As a result, the need for OVs input is currently very limited.

As port operator, ABP intends to ensure the new BCP facilities are capable of maintaining existing trade flows through Grimsby and Immingham, as well as allowing future possible expansion. This requires a BCP that is approved

for the full spectrum of product categories (excluding live animals), this decision necessitates a much greater involvement in official control delivery from OV's including contributing to preparations leading up to 1st October 2021 and 1st January 2022 Government timescales.

To ensure the Council has sufficient specialist expertise to validate POAO consignments at the new BCP, approval is requested to commence a procurement exercise to appoint a service provider for the provision of Portal Official Veterinarian (OV) Services.

This service will:

- Ensure that the BCP operates within legal requirements;
- Make decisions on imported product of animal origin consignments;
- Provide validation and oversight of documentary screening checks undertaken by Port Health staff;
- Provide validation and verification of EHCs;
- Provide ongoing advice and guidance in the delivery of the Service required by the Authority; and
- Provide ongoing training and guidance (as required) to Authority staff to ensure that the service meets the veterinary checks (product) legislation.

The indicative whole life budget for this contract (c£360k) exceeds the key decision threshold.

A formal Invitation to Tender and award criteria will be developed, and the procurement will be undertaken in line with the requirements of the Public Contract Regulations 2015, and the Council's Contract Procedure Rules, and ensure that the replacement contract represents value for money for the Council.

A project team will be established to undertake the procurement.

1.2.7 Immigration and clandestine entrants

Multi agency workshops have improved the local processes for managing people who enter illegally via the ports. Safeguarding, health and enforcement considerations have been worked through. Immigration policy changes have not been tested, given the pandemic, but will be monitored for their effect on the local workforce, particularly in the health and social care sector.

Assurance work about any adverse impacts from EU exit has been carried out by the Clinical Commissioning Group (CCG) with Primary Care,

community providers and the adult social care sector. No material issues have been identified.

1.2.8 EU Settlement scheme

To secure their rights in UK law, eligible European Economic Area (EEA) citizens need to apply for UK immigration status under the EU Settlement Scheme. The deadline for applications is 30 June 2021. Prior to this deadline, eligible EEA citizens can continue to access benefits and services on broadly the same basis as now. We are actively encouraging registration via social housing and other providers, as EEA citizens who are not registered and become homeless, will not be eligible for statutory services after the June deadline. The Council is also continuing its media campaign to promote the Scheme.

2. RISKS AND OPPORTUNITIES

- 2.1 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.
- 2.2 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.
- 2.3 Risk of failure/disruption of new UK control systems and the interaction between them.
- 2.4 Risk of reputational damage through not gaining the approval status for the BCP as requested by ABP and/or an inability to maintain statutory service provision at a key point of entry to the UK.
- 2.5 Internal Audit have reviewed the effectiveness of the Council's arrangements to prepare for the impact of ending the transitional arrangements relating to Brexit in December 2020 and have given substantial assurance. Brexit has been removed from the strategic risk register and the developments, addressed in this report, now feature on the service's operational risk register.

3. OTHER OPTIONS CONSIDERED

- 3.1 By not entering into a lease with ABP the Council would not be able to fulfil statutory responsibilities required to deliver official food controls.
- 3.2 Not commencing a procurement exercise for the provision of portal OV services is not a viable option as the Council is required to have in place appropriately qualified trained staff for the nature and volume of products arriving through Grimsby Immingham port.

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 continue 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 had earmarked government funding to support the transition and is holding an earmarked reserve as a contingency pending the full border control processes coming into force in January 2022.
- 5.2 The new BCP 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

- 7.1 Communities Scrutiny Panel were consulted on the original Transition EU Exit report (November 2020) and have been provided with subsequent updates following the report.

8. FINANCIAL IMPLICATIONS

- 8.1 The ongoing revenue costs of leasing accommodation at the new Border Control Post will be covered from service budgets.
- 8.2 The costs of the planned Portal Official Veterinarian services will be funded through DEFRA grant in 2021/22 and from locally applied charges from 2022/23 onwards.

9. LEGAL IMPLICATIONS

9.1 There are no legal implications immediately arising from the above report. Appropriate sections of Legal Services will support the anticipated property and procurement based activity, ensuring that the Council's interests are protected and that all legal requirements are complied with.

9.2 The delegations sought are appropriate for an exercise of this nature.

10. HUMAN RESOURCES IMPLICATIONS

10.1 Failure to enter into the lease arrangements or go out for procurement would result in NELC failing to fulfil its statutory requirement, a consequence of this could be losing the full port health function to another Authority along with the staff and income generation. If this was to happen then specific HR advice will be provided in respect of process and contractual arrangements in accordance to comply with the Council's Constitution, legislation and the Council's policies and procedures.

11. WARD IMPLICATIONS

All wards.

12. BACKGROUND PAPERS

Transition (EU Exit) Cabinet report November 2020 [7.-Transition-EU-Exit-PDF-159KB.pdf \(nelincs.gov.uk\)](#)

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

13. CONTACT OFFICER(S)

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COUNCILLOR PHILIP JACKSON
LEADER OF THE COUNCIL

Appendix 1 [CLOSED] - Transition EU Exit progress report

Appendix 2 – Technical Glossary

ABP	Associated British Ports
APHA	Animal and Plant Health Agency
BCP	Border Control Post
BOM	Border Operating Model
DEFRA	Department for Environment, Food & Rural Affairs
DFDS	Det Forenede Dampskibs-Selskab
EEA	European Economic Area
EHCs	Export Health Certificates
EHP	Environmental Health Practitioner
EIC	Europarc Innovation Centre
EU	European Union
FSA	Food Standards Agency
FSO	Food Safety Officer
GB	Great Britain
HMRC	Her Majesty's Revenue and Customs
HRFNAO	High-Risk Food and Feed Not of Animal Origin
IPAFFS	Import of Products, Animals, Food and Feed System
IUU	Illegal, Unreported and Unregulated fishing
OFI	Official Food Inspector
PHILIS	Port Health Interactive Live Information System
POAO	Products of Animal Origin
UK	United Kingdom