
Report To:	Inverclyde Council	Date:	18 February 2021
Report By:	Corporate Director Environment, Regeneration and Resources	Report No:	IC/01/21/MM
Contact Officer:	Martin McNab	Contact No:	01475 714246
Subject:	Withdrawal from the European Union - Update		

1.0 PURPOSE

1.1 The purpose of this report is to update the Council on the issues experienced thus far in Inverclyde as a result of the UK's withdrawal from the European Union.

2.0 SUMMARY

2.1 The potential risks arising from the UK's withdrawal from the EU were highlighted in a report to the Council on 3 December 2020. At that time we obviously did not know whether there would be a withdrawal agreement and what that might entail if there was. This report therefore fulfils a remit from the Council on 3 December to report back on any immediate impacts of EU withdrawal in Inverclyde.

2.2 Members will be aware that there have been significant impacts of the withdrawal agreement finally reached at the end of December 2020 in some very specific economic sectors and geographies. Areas of note which have had issues arising from the withdrawal include the Scottish fish and shellfish industry and particular geographic issues experienced in Northern Ireland.

2.3 In order to gauge whether there were any particular issues arising in Inverclyde, officers from Economic Development have been in contact with a number of local businesses. A couple of businesses are reporting delays and issues with supplies from the EU but the majority are reporting no issues as yet.

2.4 Many of the risks identified in the appendix to the 3 December report were assumed to be longer term and macro-economic. It may not be possible in the longer term to separate these out from the effects of, for example, the Covid pandemic and other long-term funding issues and budgetary decisions.

3.0 RECOMMENDATION

3.1 That Members note the contents of this report.

4.0 BACKGROUND

- 4.1 The UK formally left the EU at 11 pm on 31 January 2020. It was then subject to transitional arrangements maintaining the status quo while negotiations proceeded on a future trade agreement. A trade agreement was concluded at the end of December 2020 although all the implications of this agreement are yet to be seen.
- 4.2 The initial effects of the EU withdrawal agreement on Scottish businesses have been well documented. These have primarily impacted on the Scottish fishing industry including those exporting shellfish and farmed salmon. Delays at the EU border and requirements for detailed paperwork with exports have caused significant issues for this industry which are likely to continue for some time.
- 4.3 The previous reports and risk assessment for the impact of EU exit focused on the risk of a no deal EU exit. Clearly some of those risks will have been mitigated to a greater or lesser extent by the existence of an agreement although the exact extent will not be clear for some time. The major impacts identified in Inverclyde were more macro-economic however and will depend on the full impact of EU exit on the overall UK economy. These may be hard to disentangle from the obvious economic impacts of the Covid-19 pandemic in the short to medium term.

5.0 IMPACT OF THE NEW ARRANGEMENTS IN INVERCLYDE TO DATE

- 5.1 The issues experienced by the fish and shellfish industry have, as expected, had a limited impact on Inverclyde. There are a number of small inshore fishing vessels based in Inverclyde which have obviously been impacted by the disruption to the industry. There are however no fish and shellfish processors in Inverclyde so the disruption has been considerably more limited than has been the case elsewhere. There are currently three major export hubs which were set up in advance of the withdrawal in order to minimise the impact on producers. Officers are currently in preliminary discussions with the Scottish Government around the possibility of creating a fourth hub in Inverclyde. Should this go ahead the impact on our regulatory services should be minimal as the current hubs are staffed for these purposes by Food Standards Scotland.
- 5.2 Officers from Economic Development have been in contact with a number of businesses to assess whether there has been an immediate impact on local businesses. One business is reporting issues with supplies from Germany and another is reporting some increased lead times for some supplies. The majority of businesses contacted thus far however are reporting no issues arising from EU exit at this stage.
- 5.3 Economic Development officers have also been in contact with the Business Gateway advisor to assess the types of enquiry he is receiving. Thus far only three specific enquiries relating to EU exit have been received. One of these related to residency issues and the other two related to import and export procedures. Obviously we are still at a very early stage in this process and officers will keep this under regular review.

6.0 IMPLICATIONS

6.1 Finance

There are no immediate financial implications arising from this report.

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/(savings)

Cost Centre	Budget Heading	With effect from	Annual net impact £000	Virement From	Other Comments
N/A					

6.2 Legal

There are no immediate legal issues arising from this report.

6.3 Human Resources

There are no immediate HR issues arising from this report.

6.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO - This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore no Equality Impact Assessment is required.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

6.5 Repopulation

There are no impacts on repopulation arising from this report.

7.0 CONSULTATIONS

7.1 The Head of Regeneration & Planning has been consulted on this report.

8.0 BACKGROUND PAPERS

8.1 Withdrawal From the European Union, Environment & Regeneration Committee March 2018
ENV018/19/MM

Withdrawal from the European Union - Update, Environment and Regeneration Committee
August 2019 ENV043/19/MM

Withdrawal from the European Union - Update, Environment and Regeneration Committee 17
October 2019 ENV050/19/MM

Withdrawal from the European Union - Update, Environment and Regeneration Committee 31
October 2019 ENV049/19/MM

Withdrawal from the European Union - Update, Environment and Regeneration Committee
January 2020 ENV009/20/SA/MM

Withdrawal from the European Union - Update, Environment and Regeneration Committee
August 2020 ENV025/20/MM

Withdrawal from the European Union – Update, Inverclyde Council 3 December 2020
IC/06/20/MM