

## Prepare for Brexit campaign – Key messages: Businesses in Scotland

### How to use this document:

- *These core messages are designed to be used by company-facing staff from SE, HIE, SDI, SDS, local authorities as well as Business Gateway Services to support businesses to take action before Brexit takes place.*
- *Brexit will affect businesses in many ways. There are also big variations in how businesses are responding. These core messages provide a starting point for conversations. They should be contextualised and adapted to suit the specific risks and opportunities faced by individual businesses and sectors.*
- *You should read these key messages alongside other materials including the [www.PrepareforBrexit.scot](http://www.PrepareforBrexit.scot) and [www.gov.uk/brexit](http://www.gov.uk/brexit) resources and information on SE, HIE, SDS, local authority and Business Gateway intranet sites.*
- *The aim of the Prepare for Brexit campaign is to encourage many more businesses to proactively manage Brexit impacts so they – and the wider Scottish economy – can be resilient in the face of significant change.*

## Scotland's enterprise and skills system is ready to help businesses address the challenges and opportunities presented by Brexit

- A 'no deal' Brexit is still a realistic possibility, either on 31<sup>st</sup> January 2020 or at the end of the transition period. It's critical that businesses urgently assess the challenges and opportunities presented by Brexit and take necessary action to safeguard their growth and the future of Scotland's economy.
- Scotland has an exceptional network of business support and businesses can be confident that they will receive ongoing support from the Scottish Government, SE, SDI, SDS, HIE, local authorities as well as Business Gateway Services to help overcome challenges and capitalise on opportunities.
- We are working very closely with the Scottish Government to ensure a joined-up response to Brexit and to influence future policy that meets the needs of the Scottish economy.
- The enterprise and skills agencies, local authorities and industry bodies are working closely to share real-time intelligence. Please share any intelligence on imminent redundancies and threats to business viability with your organisation's Brexit team, and notify [enquiries@prepareforbrexit.scot](mailto:enquiries@prepareforbrexit.scot).
- We remain confident that globally competitive companies and investors can continue to grow amid political, social and economic challenges. Scotland's exceptional skills base, business infrastructure, academia, low-cost base and global business network will help maintain its position as a world class business location.

## Top Line Key Messages

- **You don't need to be an expert in Brexit** to help companies identify and manage any risks and opportunities. The value you provide is to draw on your business development knowledge and experience and apply this in the context of Brexit issues faced by businesses.
- **The most important message for businesses is to prepare for a 'no deal' Brexit now.** While a Brexit deal has been agreed 'in principle' with the EU, this is still subject to agreement by the UK Parliament following the outcome of the General Election on 12<sup>th</sup> December. There is still a realistic possibility that the UK will leave the EU without a deal either on 31<sup>st</sup> January 2020 or at the end of the transition period. **Our position remains that we urge businesses to take action to prepare for the 'worst case', a no-deal exit.** The business risks from not being prepared far outweigh the management time and costs from acting now.
- **Some issues demand immediate attention** including:
  - Identifying the impact of changes in customs processes and documentation
  - Identifying relevant import and export tariffs
  - Understanding the impacts of higher costs on cash flow and extended payment terms, as well as addressing essential changes in contract terms
  - Ensuring compliance with data protection and reviewing IP
  - Encouraging businesses to help EU/EEA staff register under the [EU Settlement Scheme](#) and helping employers understand the implications of proposed changes under the new UK Immigration policy
  - Our [Brexit checklist](#) provides further information.
- **Specific expertise is available to support you and individual businesses**
  - The [www.prepareforbrexit.scot](http://www.prepareforbrexit.scot) self-assessment tool, checklist, events and resources (eg [tariffs FAQs](#))
  - Specialist advisers in trade, innovation, investment, intellectual property, workplace innovation/ employer engagement and EU funding – plus access to external technical advice on EU trade
  - Support for businesses to help with [supply chain mapping](#) and identification of new suppliers
  - Sign up to one of the many [Brexit webinars and events](#), including recorded webinars.
- **A range of financial support is available**
  - The Brexit Support Grant, provides 100% support up to £4K to help any VAT-registered SME in Scotland manage a wide range of Brexit impacts. This is an incentive to help more businesses get prepared.
  - The full range of existing financial support products used by SE, HIE, SDI, SDS, local authorities and Business Gateway Services can be used to support Brexit related projects with companies
  - A willingness by banks to consider flexing their lending to help businesses access additional working capital before Brexit – *early* conversations with lenders are strongly advised.
- **Help businesses exploit the silver linings** as well as support them mitigate the negative impacts that a 'no deal' Brexit may bring. These include, for example, reshoring elements of their supply chain, helping them focus on new, non-EU export markets, and recruiting from wider pools of labour (including older, disabled and disadvantaged workers) to replace EU employees.
- **Immediately escalate any concerns you have** about business viability, distress, redundancies and lost investment to your line manager. In addition, email these issues to [enquiries@prepareforbrexit.scot](mailto:enquiries@prepareforbrexit.scot).

## ***What are the critical actions businesses should be taking now? (further information [here](#)):***

1. Non-VAT registered companies will need to apply for a [GB EORI number](#) to continue to export and import after Brexit day. All VAT registered companies that have traded with the EU in the last year should now have automatically received an EORI number via HMRC. An *EU* EORI number is only required if you are responsible for landing the goods in the EU country of destination and responsible for making the customs declaration to the relevant EU customs authority. If your UK business is not responsible for making this declaration to the relevant EU authority, then you will not require an EU EORI.
2. Decide on whether to use a customs agent or [Chamber of Commerce](#) to handle customs documentation, or whether this can be done in-house.
3. VAT-registered businesses that import from the EU have now been automatically enrolled for the [Transitional Simplified Procedures](#) scheme. This simplifies customs processes in a no-deal Brexit and allows businesses to postpone paying import duties for up to 6 months. It is the best option for businesses that are new to customs processes and haven't yet appointed a customs agent. Businesses that are not registered for VAT should [apply](#) for the scheme if it would benefit them.
4. Identify the [tariffs](#) that would apply to exports and imports (also see our [tariffs FAQs](#)), as well as estimated additional costs (such as delays owing to regulatory checks at borders) and likely currency fluctuations. Carry out cash flow projections to assess the need to access additional working capital.
5. Speak with their bank in the first instance to discuss flexing existing borrowing and any new borrowing requirements
6. If their business operates across the EU or exchanges [personal data](#) with partners in the EEA, consider possible changes that need to be made ahead of the UK leaving the EU to stay compliant.

## **Companies should plan for a 'no deal' Brexit now. Delaying Brexit-readiness will risk significant disruption to their business operations.**

- 1. Plan for the worst, hope for the best**
  - Our advice is to plan on the basis that the UK leaves the EU without a deal. This is still a realistic possibility, either at 31<sup>st</sup> January 2020 or at the end of the transition period. Whether or not you personally believe this is the most likely outcome, this is the prudent approach for your business. Use this time wisely.
- 2. Plan and prioritise using our self-assessment tool**
  - Our self-assessment tool is designed to help companies identify their potential exposure to Brexit. This will help to plan and prioritise what actions businesses need to take.
- 3. Take action**
  - While significant uncertainties remain around the nature and timing of Brexit there are many actions businesses can and should take immediately, either directly or by influencing others (eg suppliers)
  - Identify three types of actions: no/low cost actions to take immediately; tactical actions to mitigate possible risks and/or provide competitive advantage; and irreversible actions that should only be triggered when specific issues are known
  - A clear plan gives direction and confidence, a 'map' to guide a business to its destination. A senior member of staff or team should be responsible for developing and executing their plan.
- 4. Keep the action plan up to date**
  - Regularly revisit the plan as political developments take place. Check the actions highlighted in the self-assessment tool and Brexit checklist, both of which are regularly updated with the latest UK Government information. Sign up for UK Government e-mail alerts providing advice and information to businesses.

## How should customer-facing staff get equipped to help companies?

1. Familiarise yourself with the information, advice and support available on [www.prepareforbrexit.scot](http://www.prepareforbrexit.scot). This is the **primary channel to engage with business**. Delivered in partnership by SE, HIE, SDI, SDS and Business Gateway this one-door approach helps businesses take the actions they need to prepare for and manage Brexit impacts. A range of other organisations are also actively promoting the campaign with businesses including local authorities, VisitScotland, SEPA plus business and sector bodies.
2. **Immediately escalate any concerns you have** about business viability, distress, redundancies and lost investment to your line manager as a matter of urgency. In addition, email these issues to [enquiries@prepareforbrexit.scot](mailto:enquiries@prepareforbrexit.scot).
3. **Understand the range of business operations that might be impacted** by Brexit including: workforce development, trade, supply chains, new products/services, accessing investment and funding, financial management, and legal and regulatory compliance.
4. Take advantage of **internal CPD webinars and events**, including recordings of previous sessions:
  - [Prepare for Brexit Campaign Site Walkthrough](#) – first recorded on 19 September
  - [Customs, tariffs and taxation](#) (Institute of Exporters, recorded October 2019)
  - [Supply chain, transport and logistics](#) (as above)
  - [Regulations and standards](#) (as above)
  - [Staff and human resources](#) (as above)
  - [Intellectual property](#) (as above)
  - [Finance and currency management](#) (as above).
5. Get ready for an anticipated surge in business enquiries once there is clarity on the outcome of Brexit:
  - Direct businesses to our [online resources](#) first to give them informed and up-to-date guidance
  - Highlight the programme of [events and webinars](#) we are running across Scotland. (You can access the recordings of previous webinars above. New events/webinars will be organised when the future direction of Brexit is clearer).
6. Signpost businesses to expert advisers from SE, HIE, SDI, SDS, local authorities and Business Gateway who can provide one-to-one support to help businesses develop tailored actions.
7. **Understand what specific support is available for businesses including:**
  - The **Brexit Support Grant**, providing 100% support up to £4k to help *any VAT-registered SME in Scotland* manage a wide range of Brexit impacts.
  - The full range of existing financial support products used by SE, HIE, SDI, SDS, local authorities and Business Gateway – which can be used to help businesses manage the impacts of Brexit
  - Support for businesses to help with [supply chain mapping](#) and identification of new suppliers
  - A willingness by banks to consider flexing lending to help businesses access additional working capital.