**THE HIGHLAND COUNCIL**

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| **Briefing Note:** | **Brexit and European Update**  |
| **Date:** | **6 January 2021** |
| **1.** | **Purpose/Executive Summary** |
| 1.1 | The purpose of this briefing note is to give Members a summary of Brexit and European issues relevant to Highland Council since the last meeting of the Brexit Working Group on **23 November 2020**.This report builds on previous reports to the Brexit Working Group dated **17August 2020, 28 October 2020** and **23 November 2020** and provides the most up to date information.  |
| **2.** | **Proposals**  |
| 2.1 | It is proposed that Members note this paper by way of an update. The Brexit Working Group will continue to be informed on new and relevant post EU Exit issues.  |
| **3.** | **Implications** |
| 3.13.23.3 | On **24 December 2020**, the European Union and the United Kingdom reached an agreement in principle on the [EU-UK Trade and Cooperation Agreement](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en) (TCA). On **30 December 2020** this was signed off by Ursula von der Leyen, President of the EU Commission on behalf of EU and voted for by the UK Parliament. The impacts of this deal continue to be discussed and areas such as data adequacy have still to be confirmed. The wider implications may take some time to unravel and could be difficult to disentangle from the ongoing Covid-19 impacts.However, in terms of the functions and responsibilities of Highland Council it is reasonable to make a number of assumptions.**Resource**. There will be an increased burden placed upon Environmental Health within the Council in relation to import and export regulations. This relates specifically to the increased requirement for Environmental Health Certificates although there are other aspects that require consideration as well (see 7 and 12.2). It is also likely that there will be a wider impact on some Third Sector funding as the UK will not participate in EU Programmes 2021 – 2027. Once the detail of the UK Shared Prosperity Fund is known in Spring 2021 then future funding arrangements can begin to be quantified (see 10).  |
| 3.4 | **Legal**. One area of change already confirmed is Procurement as the use of Open Journal European Union (OJEU) will cease (see 6.25) and whilst data adequacy has yet to be pinned down it is not thought that there are any concerns in this regard (see 6.4). There may also be some indirect implications concerning access to law enforcement databases and the availability of information around children missing from education. We will work with Police Scotland to seek solutions around this (see 6.18). |
| 3.5 | **Community**. (Equality, Poverty, Rural and Island). There could be wider community implications in terms of a potential population decrease brought about by the end of freedom of movement and the introduction of [new immigration rules](https://www.gov.uk/government/news/home-secretary-signals-britain-is-open-for-business). This in turn could have an impact on our workforce and the provision of services. There will be increased costs associated with employing EU Citizens after **1 January 2021**. The potential for customs delays and supply chain disruption could lead to a rise in inflation and the subsequent knock on effects in the costs of living and foodstuffs. |
| 3.6 | **Climate Change / Carbon Clever**. As set out in the TCA, the EU and UK have reaffirmed their ambitions of achieving economy-wide climate neutrality by 2050. They have also agreed not to weaken or reduce, in a manner affecting trade or investment between the Parties, their environmental levels of protection or their climate level of protection below the levels that are in place at the end of the transition period. Both parties shall continue to strive to increase their respective environmental levels of protection or their respective climate level of protection. Whilst this may appear to be a full commitment to non-regression in all climate and environmental standards it does seem to pivot on trade and investment concerns which could be a loophole if one party wants to reduce targets that do not reflect a trade or investment position (see 6.6). |
| 3.7 | **Risk**. Each Service within Highland Council has identified specific service risks and mitigations that will inform their business continuity plans. This is an ongoing process and the Brexit Tactical Group are scheduled to meet again on 12 January 2021 to review the implications of the TCA. This in turn will inform the corporate risk register where Brexit is recorded as [CR4](https://www.highland.gov.uk/info/20009/performance/795/corporate_risk_management). The last iteration containing the most up to date Brexit information was presented to the Executive Leadership Team on **10 November 2020**.  |
| 3.8 | **Gaelic**. Gaelic teachers and Gaelic medium teachers have been included in the Scotland only Shortage Occupation List of the UK points-based immigration system  |
| **4.**4.14.24.34.44.54.64.7**5**5.15.25.35.45.55.65.75.8**6**6.16.26.36.46.56.66.76.86.96.106.116.126.136.146.156.166.176.186.196.206.216.226.236.246.256.266.276.286.296.306.316.326.336.346.356.366.37**7**7.17.27.37.47.57.6**8**8.18.28.38.48.5**9** | **Background and Context**The transition period ended on **31 December 2020** and the [EU-UK Trade and Cooperation Agreement](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en) (TCA) came into force. This Agreement means that there will be no tariffs or quota restrictions on trade although this does not negate the additional requirements that come into play once you are out of the Single Market and Customs Union.These additional requirements are highlighted in the UK Government’s Check, Change, Go [website](https://www.gov.uk/transition) and numerous television, social media and newspaper adverts. This has been supplemented by the [Time is Running Out](https://www.gov.uk/government/news/time-is-running-out-for-businesses-to-prepare?utm_source=d9f9301b-c83c-44f0-8df1-f301b2a04526&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) campaign, [Act Now](https://www.gov.uk/government/publications/transition-period-letter-to-businesses) letters from Alok Sharma Secretary of State for Business, Energy and Industrial Strategy and on **23 November 2020,** a [flyer](https://www.gov.uk/government/publications/flyer-sent-to-businesses-on-how-to-prepare-for-new-rules-from-1-january-2021?utm_source=a2ee5b99-6de0-4809-a231-a9b9a7c7f5d9&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) to businesses providing general advice on what they must do after the transition period ends on **31 December 2020**. These letters/flyers contained QR codes and URLs which direct readers to GOV.UK, where they can view the online transition checker, sector specific webinars and access further guidance.On **3 December 2020** the UK Parliament Public Accounts Committee published a [report](https://publications.parliament.uk/pa/cm5801/cmselect/cmpubacc/682/68203.htm) on Whitehall preparations for EU Exit. This cross-party group concluded that there are significant risks to the country being ready for the end of the transition period on **31 December 2020**. It noted that concerns about preparedness had been raised in 12 previous reports and in multiple hearings, but government still only seems to be taking limited responsibility for that readiness. This shared similar concerns to the National Audit Office report released on 6 November 2020 and highlighted in the last [report](https://www.nao.org.uk/report/the-uk-border-preparedness-for-the-end-of-the-transition-period/) to the Brexit Working Group.Resilience Partnerships continue to work on preparedness and self-assessments, taking concurrent issues on board. On **7 December 2020** the National Co-ordination Centre (NCC) stood-up and Local Authorities report into them on an exception basis which in turn populates a national daily Horizon Scan.On **11 December 2020** the Scottish Parliament’s Culture, Tourism, Europe and External Affairs Committee published their [report](https://digitalpublications.parliament.scot/Committees/Report/CTEEA/2020/12/11/1a2efc3a-5377-4678-88f1-a0d163b0c40a) EU-UK Government Future Relationship Negotiations: The Impact of the End of the Transition Period. The Committee recognised that Brexit will result in a significantly negative economic impact to both the Scottish and UK economy. They recommended a six month 'grace period' at the end of the transition period, financial support to companies that require it, a programme of research and evaluation on the impacts of Brexit and the benchmarking of performance across all portfolios against performance in EU Member States.On **21 December 2020** HIE released their latest [Business Panel Survey](https://www.hie.co.uk/research-and-reports/our-reports/2020/december/21/hie-business-panel-survey-2020/) which was carried out during the months of **October** and **November 2020.** The Brexit information contained therein showed 75% of businesses considered that the UK’s exit from the EU posed a risk. Whilst there was a general confidence amongst businesses about preparing for changes that may occur in the coming months only 31% felt prepared for customs procedures. It was noted that tourism businesses generally felt les confident and less prepared for changes.On **31 December 2020** the Scottish Government published an early [assessment](https://www.gov.scot/publications/eu-uk-negotiations-outcome-analysis/) of what the outcome of the EU-UK negotiations means for Scotland. This covers a number of areas including the economy, people, EU programmes, trade in goods and governance. In effect the headline economic figure is that Scotland’s GDP could be around 6% lower by 2030 than it would be with EU membership**Devolved Powers and the UK Internal Market Bill**Withdrawal from the EU requires that a number of regulatory and oversight powers, currently exercised by the EU, are replicated domestically. Most of these issues will be devolved by default and there will be a range of common frameworks that require UK-wide arrangements. On **18 June 2020**, the Scottish Government tabled the [UK Withdrawal from the European Union (Continuity) (Scotland) Bill](https://www.parliament.scot/parliamentarybusiness/CurrentCommittees/115449.aspx)  which will give Scottish Ministers power to keep devolved laws similar to EU laws, ensures Scottish Ministers and public bodies pay attention to environmental principles when they make policies, and proposes the setting up a new organisation (Environmental Standards Scotland) to replace the oversight of environmental law currently provided by the EU Commission. It passed stage 3 proceedings on **22 December 2020** and is expected to become law soon.On **25 November 2020,** the Scottish Parliament Finance & Constitution Committee passed an amendment that will extend the right of local government to be consulted whenever the Scottish Government wished to introduce a “keep pace” power to remain aligned with future EU targets. This relates to the EU Continuity Bill (see 5.2) and is supported by COSLA.On **11 November 2020** the [Agriculture Act 2020](https://bills.parliament.uk/bills/2551) received Royal Assent. This Act makes provision for the future agriculture policy for England to replace the EU Common Agricultural Policy (CAP) as well as a number of policy areas that impact on Scotland. Work is ongoing around common frameworks, but they are not expected to conclude until after the end of the Transition Period. The [Agriculture (Retained EU Law and Data) (Scotland) Bill](https://www.legislation.gov.uk/asp/2020/17/introduction/enacted) which received Royal Assent on **1 October 2020** already gives Scotland the powers to continue CAP payments after Brexit. On **9 December 2020** the UK Government removed the law-breaking clauses from the [UK Internal Market Bill](https://www.gov.uk/government/news/bill-introduced-to-protect-jobs-and-trade-across-the-whole-of-the-united-kingdom?utm_source=88e519a5-1b8f-4058-8cd7-71a612dda11e&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate) (IMB) because of an "agreement in principle" on a range of issues affecting Northern Ireland. However, there have been other hurdles in the way of the IMB as the House of Lords removed the Financial Assistance Clauses from it on **23 November 2020.** These were the clauses that would allow the UK Government to by-pass the Scottish Government and other devolved administrations in distributing funds (see 10.2). The IMB was returned to the House of Commons who reinstated the clauses and sent it back to the Lords. On **14 December 2020** the House of Lords voted for amendments that would give the devolved nations more power to diverge from the common rules governing trade inside the UK but on **15 December 2020** MPs voted to reject these amendments. On **17 December 2020** the IMB received Royal Assent and passed into law. The Scottish & Welsh Governments have withheld their [consent](https://commonslibrary.parliament.uk/internal-market-bill-reactions-from-scottish-and-welsh-governments/) under the Sewel Convention and on **16 December 2020** the Welsh Government indicated that they will consider [legal action](https://gov.wales/written-statement-possible-legal-challenge-uk-internal-market-bill) against the UK Government as they believe the provisions in the IMB will constrain the Senedd’s legislative areas which are currently devolved. This legal action has the support of the Scottish Government.On **30 December 2020** both the devolved Parliaments of Scotland and Northern Ireland declined to give their legislative consent to the TCA.**Future Trading Arrangements** As has been previously intimated on **24 December 2020**, the UK and EU agreed a new [Trade and Cooperation Agreement](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en) (TCA) to govern the future trading and security relationship now that the UK has left the EU. The 1,200-page text was accompanied by a number of joint declarations. The TCA is made up of three pillars: a free trade agreement; a framework for cooperation between law enforcement and judicial authorities and overarching governance arrangement. This will allow for cross-retaliation across different economic areas. Some of the key points are listed below.In relation to goods there will be no tariffs or quotas, provided they meet [rules of origin](https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu-from-1-january-2021) requirements (see 6.28). Customs declarations and other associated paperwork will still be required (see 6.21 onwards)In terms of the ongoing trade of live animals and products of animal origin and plants there will be a requirement for sanitary and phytosanitary (SPS) border control checks, with specialist paperwork and frequent physical inspections required on products of animal origin. The TCA sets a general aim to keeping the frequency of checks to a minimum but does not remove the need for themData adequacy is not included in the TCA but both sides say they are committed to facilitating cross-border data flows whereby there will be a temporary arrangement to allow data to continue being transferred from the EU to the UK from **1 January 2021** which will initially last for four months (extendable to six months). It is expected that the EU will deem the UK’s data protection regime adequate.The UK will continue to access the EU internal energy market. The EU and the UK will look at ways to optimise the use of interconnectors and have agreed to continue to co-operate together in areas of mutual interest.In relation to the climate and the environment, the UK has reaffirmed its ambition for the share of energy from renewable sources in gross final energy consumption in **2030**, as set out in its National Energy and Climate Plan. Both the UK and the EU have reaffirmed their ambitions of achieving economy-wide climate neutrality by **2050**. The TCA states that neither the UK nor the EU should weaken or reduce, in a manner affecting trade or investment between the Parties, its environmental levels of protection or its climate level of protection below the levels that are in place at the end of the transition period, including by failing to effectively enforce its environmental law or climate level of protection. Indeed, both parties should continue to strive to increase their respective environmental levels of protection or their respective climate level of protection. Each party should also refrain from acts or omissions that would materially defeat the object and purpose of the Paris Agreement. On the face of it, this seems like a non-regression pact in all climate and environmental standards it does seem to pivot on trade and investment concerns which could be a loophole if one party wants to reduce targets that do not reflect a trade or investment position. The level playing field, which was a major sticking point throughout the negotiations has settled on some common principles and exemptions around subsidies. This section does allow for both sides retain the right to impose tariffs if they think there has been a breach and gives an option to suspend parts of the agreement, including the provisions on fish.Another aspect of the level playing field was around labour and social standards. Both sides have committed not to lower the overall level of labour and social protection in a way that impacts trade or investment, and this includes fundamental rights at work, occupational health and safety standards and fair working conditions. Both parties have committed to ensuring a level of domestic enforcement through monitoring of working conditions and providing legal avenues for disputes. They also have the right to take countermeasures (impose duties) if they believe any changes by the other party has led to an unfair competitive advantage. The TCA sets out common principles and definitions of competition policy. For example, each side should seek to prevent collusion between companies to fix prices or engage in other anti-competitive behaviour that prevents other firms from entering the market.To handle future divergence in the level playing field and to allow the parties to negotiate and update the agreement, there is also a rebalancing mechanism whereby any significant impact on trade or investment would allow either party to impose temporary tariffs to counteract it.UK and EU hauliers and passenger transport operators will be able to continue operating between and through UK and EU territory without additional permits or licenses. This now negates the need for European Conference of Ministers of Transport (ECMT) permits which were limited in number.The TCA allows for visa-free, short term business trips between the UK and the EU for specific purposes such as attending meetings, training seminars and trade fairs. However, there is no mutual recognition of professional qualifications, although the TCA provides a route for mutual recognition to be agreed in future. This means UK professionals will have to comply with professional qualification requirements in each EU member state they want to work in. This will make it harder and more expensive to provide services in the EU and as the UK is a service economy this could have major implications.The TCA also covered some social security issues whereby UK nationals travelling, working or living in the EU (and vice versa) will retain entitlements to some benefits, including state pensions, healthcare, disability benefits, unemployment benefits and maternity/ paternity benefits. It appears that the European Health Insurance Card will still be valid provided it has not expired. A specialist committee on social security will be set up to oversee the application of the social security provisions.Fisheries was another sticking point during negotiations, but this has now been resolved with the UK leaving the Common Fisheries Policy and agreement reached that the UK’s share of fishing quotas will increase by 25% of the value of the EU catch in UK waters. This will be phased in, with a gradual reduction of EU quotas in UK waters. EU fishing vessels will continue to have the current level of access to UK waters for an adjustment period of five-and-a-half years. According to Scottish Government [analysis](http://www.govwire.co.uk/news/cabinet-office/policy-paper-the-border-operating-model-70359), the fisheries agreement will mean a fall in the quantity of key fishing stocks landed by the Scottish fleet.(North Sea cod, haddock, saithe, hake and whiting). This is a position supported by the Scottish White Fish Producers Association, who are “deeply aggrieved” by the positionAt the end of this adjustment period in 2026, the UK and the EU will conduct annual fisheries negotiations regarding the total allowable catch for shared stocks. These negotiations will also cover access arrangements, but market access will be tied up in this as well. A specialist committee on fisheries will be established to provide a forum for the UK and EU to discuss a range of fisheries matters. It is also understood that if access is not granted in the post 2025 annual negotiations, compensation by removal of preferential tariffs in respect of “fishery products” could include wider aquaculture productsThe UK have agreed to continued participation in [Horizon Europe](https://ec.europa.eu/info/horizon-europe_en#:~:text=The%20European%20Defence%20Fund%20is%20one%20of%20the,agreement%2C%20the%20Commission%20began%20a%20strategic%20planning%20process.), [Euratom](https://ec.europa.eu/energy/topics/nuclear-energy_en), [ITER](https://www.iter.org/), [Copernicus](https://www.copernicus.eu/en), and the EU’s Satellite Surveillance & Tracking ([SST](https://www.eusst.eu/)) services but not the [Erasmus+](https://www.erasmusplus.org.uk/) scheme, although students from Northern Ireland will still be able to participate in Erasmus courtesy of the Irish Government. There are some discussions ongoing about a replacement [Turing Scheme](https://www.gov.uk/government/news/new-turing-scheme-to-support-thousands-of-students-to-study-and-work-abroad) but more information is required.The UK and the EU have committed to continuing co-operation between law enforcement and judicial authorities although current access and cooperation will be reduced. Specifically, there will not be access to the EU databases such as SIS II which allows for real-time sharing of data relating to wanted or missing persons or objects. This may have an impact on tracing children missing from school.The third sticking point in negotiations was governance and the TCA has agreed a framework, outwith the European Court of Justice, to manage the relationship and resolve any disputes which will look at initial consultation in a Joint Partnership Council (forum of UK and EU officials) and an escalation route to an independent arbitration tribunal. Any serious breaches on certain commitments could lead to the immediate suspension of part or the whole agreementOne area of certainty was around import and export requirements as the UK Government published its paper [The Border with the European Union](https://www.gov.uk/government/news/government-publishes-updated-gb-eu-border-operating-model?utm_source=8dd52b96-f23f-431f-8a16-17ea098b1cea&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate) on **13 July** **2020.** However, this has not prevented a steady drip feed of updates and changes to the model being published. These have been captured in previous Brexit Working group papers so what follows is a summary of issues since the last report was written. On **17 November 2020** the UK Government published updated [guidance](https://www.gov.uk/guidance/help-and-support-if-your-business-trades-with-the-eu) on exporting to and importing from the EU with webinars and videos covering the customs clearance process, commodity codes and controlled goodsOn **23 November 2020** the UK Government published fresh [guidance](https://www.gov.uk/government/publications/how-to-export-wild-caught-marine-fishery-products-to-the-eu-from-01-january-2021) on the administrative side of the fishing industry – signposting to business requirements needed such as for fishing, landing, exporting, importing, transportation, food hygiene and regulatory controls.On **24 November 2020** the UK Government published updated [guidance](https://www.gov.uk/guidance/export-licences-and-certificates-from-1-january-2021) on export licences and certificates with specific reference to objects of cultural interestOn **25 November 2020** the UK Government published new [changes](https://www.gov.uk/government/news/new-uk-wide-advice-on-ear-tags-for-livestock-exporters?utm_source=89f029be-ca7b-41f9-be47-657b935f05e5&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) to ear tags for livestock exports and movements from Great Britain to the EU and Northern Ireland from **1 January 2021**On **27 November 2020** the UK Government updated [information](https://www.gov.uk/guidance/public-sector-procurement-from-1-january-2021) on the new procurement process at the end of the Transition Period whereby the use of Open Journal European Union (OJEU) will cease and a new Find a Tender System (FTS) will commenceOn **30 November 2020** updated [guidance](https://www.gov.uk/government/collections/providing-services-to-eea-and-efta-countries-after-eu-exit) was published by the UK Government on providing services and travelling for business to the EU, Switzerland, Norway, Iceland and Liechtenstein with individual country guides.On **1 December 2020** the UK Government published new [information](https://www.gov.uk/guidance/check-your-goods-meet-the-rules-of-origin) on rules of origin in order to establish the country of origin of imported and exported goods and to help identify which goods qualify for lower or nil Customs Duty.On **8 December 2020** the UK Government Environment Secretary George Eustice told MPs that live produce will be “prioritised” for transit on both sides of the Channel come **1** **January 2021** and that an agreement with the French had been reached in this regard. This announcement was formalised in updated [guidance](https://www.gov.uk/guidance/transporting-fresh-and-live-seafood-or-day-old-chicks-to-the-eu?utm_source=91b94a56-191e-4ae2-a72f-e170bd315c51&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily#priority-when-there-is-severe-disruption) on **11 December 2020**On **8 December 2020** the UK Government advised that [registration](https://www.gov.uk/guidance/register-for-the-goods-vehicle-movement-service#who-should-register) for the Goods Vehicle Movement Service (GVMS) was now open. This applies to hauliers who transit goods between EU countries via GB and could apply to goods from GB to Northern Ireland. The intention is to bring together multiple declaration reference numbers into a single goods movement reference and therefore speed up the clearance of goods through customs. On **9 December 2020** Michael Gove MP, Chancellor of the Duchy of Lancaster [updated](https://www.gov.uk/government/speeches/withdrawal-agreement-update?utm_source=20e968c9-97a7-4d44-9805-b5f35288c10c&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) the House of Commons on the implementation of the Northern Ireland Protocol as part of the Withdrawal Agreement with the European Union which will mean some form of border regulatory check for goods moving between GB and NI.On **9 December 2020** the HMRC [wrote](https://www.gov.uk/government/publications/letters-to-businesses-about-new-trade-arrangements-with-the-eu-from-1-january-2021?utm_source=c3ec1b59-dee2-4405-aac3-ce77c1c6dcd8&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) to all VAT-registered businesses in Great Britain trading with the EU, or the EU and the rest of the world to explain what they need to do to prepare for new processes for moving goods between Great Britain and the EU from **1 January 2021**. This exercise was a repeat of previous letters, written on **14 September 2020** and **19 October 2020**.On **9 December 2020** the UK Governmentprovided updated [information](https://www.gov.uk/guidance/food-and-drink-labelling-changes-from-1-january-2021#history) on organic logos as they relate to food & drink labelling for exports to EUOn **14 December 2020** the [UK Trader Scheme](https://www.gov.uk/government/news/uk-trader-scheme-launched-to-support-businesses-moving-goods-from-great-britain-to-northern-ireland?utm_source=88099b14-293f-4283-9a5d-6b57bcc602dd&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) was launched to support businesses moving goods from Great Britain to Northern Ireland. The scheme is designed to ensure traders don’t pay tariffs on the movement of goods into Northern Ireland from Great Britain where those goods remain in the UK’s customs territory.On **16 December 2020** new [guidance](https://www.gov.uk/guidance/trading-with-the-uk-exporting-animals-and-animal-products-to-the-uk?utm_source=9210fc94-5051-43c8-83e2-2c4712311f4d&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) was issued by the UK Government to inform those who wished to export animals and animal products from the EU to the UKOn **18 December 2020** the UK Government issued updated [information](https://www.gov.uk/government/publications/give-prior-notification-to-land-fish-in-the-eu?utm_source=86e19851-34b8-4b20-93a3-46222acd0022&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) on the prior notification form required by a UK registered fishing vessel to allow it to land fish at an EU designated port.On **31 December 2020** (6 hours prior to the end of the Transition period) the UK Government published their latest [iteration](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/949579/December_BordersOPModel__2_.pdf) on the Border Operating Model relating to the Importing and Exporting Goods with the European Union. It is 159 pages long.**Environmental Health**As of **1 January 2021**, we will no longer be in the single market and customs union (third country status) and there is a requirement for fishing vessels and onshore designated premises to be certified. Latest figures are 323 out of 327 registered fishing vessels have been inspected (99%). The remaining 4 are being pursued. The certification requirement allows catches to be exported to the EU.Third country status also means that fish and shellfish scheduled for export to the EU now requires an Export Health Certificate (EHC) and it is estimated that the volume of EHC’s will increase from the current 2,000 per year to just over 7,000 EHC’s per year in Highland.Plans are in place for EHC provision with three privately operated Cold Stores in the central belt acting as EHC Hubs with involvement of Scottish Government and Food Standards Scotland, an online system in place for applying for EHCs, our Environmental Health team trialling a site in Inverness for collection of EHCs during evenings and weekends and discussions ongoing with DEFRA and APHA on contingency support.Please note that all this is being planned within existing Highland Council resources and there is a long-standing request sitting with both the UK and Scottish Governments to adequately resource this increase in workload and infrastructure requirements (see 12.2)There will be a reputational risk short term if the demand cannot be met and there are levels of uncertainty around demand.On **25 November 2020** a report was presented to the Communities and Place Committee entitled [Support for exporting businesses in preparation for EU exit](https://www.highland.gov.uk/meetings/meeting/4350/communities_and_place_committee) which highlighted the work carried out by the Environmental Health team to support businesses on exports that included development of Animal Plant Health Agency (APHA) EHC Online, processes around Logistic Hubs in the central belt, the registration and inspection of fishing vessels, approved premises at ports and remote audits (due to Covid-19) of exporters to verify compliance with food safety legislation.**Immigration, Travel and the EU Settlement Scheme**As has been previously reported the UK’s future [immigration system](https://www.gov.uk/government/news/home-secretary-signals-britain-is-open-for-business) received Royal Assent and was signed into law on **11 November 2020** meaning an end to free movement on **31 December 2020**Highland Council continue to be to be pro-active in communicating the EUSS process across the region and the detail around this has been highlighted in previous reports.On **26 November 2020** the Home Office released their most up to date [figures](https://www.gov.uk/government/statistics/eu-settlement-scheme-quarterly-statistics-september-2020) that showed 8,610 EU Citizens in Highland have applied for EU settled status up until the end of **September 2020**. This is a rise of 670 since the last quarterly figure of 7,940 which related to the end of **June 2020**. By far and away the largest grouping has been from Poland with 3910 applications, followed by Latvia with 810 and Romania with 530. The next batch of figures are expected in **February 2021** to cover the end of **December 2020.** On **16 December 2020** the UK Government updated their [rules](https://www.gov.uk/government/news/new-rules-for-pet-travel-from-1-january-2021?utm_source=e6237550-5eb2-4d5b-b731-bd6751726b78&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily) for pet travel to the EU and Northern Ireland in place of the pet passport. Instead a certificate is now required and a number of regulatory steps such as microchipping, a rabies vaccination and tapeworm treatment are mandatory.On 22 December 2020 the UK Government announced that the [Seasonal Workers Pilot](https://www.gov.uk/government/news/up-to-30000-workers-to-help-reap-2021-harvest--2?utm_source=dffcf441-16b0-4675-a0a3-ef7cec4e06a8&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily), originally launched in 2019, has been extended and expanded for an additional year with 30,000 visas available for those wanting to come and work on UK farms for a period of up to six months. This relates to horticulture only and allows permitted workers to travel to the UK to pick and package fruit and vegetables for next year’s harvest. It does not include aquaculture.**EU Funding Programmes** |
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| 9.19.2**10**10.110.210.310.410.510.610.710.8**11.** | The detail around the long awaited COVID-19 Response Fund was flagged at the Programme Monitoring Committee (PMC) on **17 December 2020**. This would now tend to suggest that the main beneficiary will be health and PPE provision. The end date of **June 2021** does not allow sufficient time to kick start any new project.The Highlands & Islands Transition area are still awaiting official confirmation from the Managing Authority of the amount contained within the allocation of Performance Reserve money from the ERDF programme which is in the region of €3.7 million - €4.2 million.**UK Shared Prosperity Fund (UKSPF) and the Spending Review**On **25 November 2020** the Chancellor Rishi Sunak announced his [Spending Review](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938052/SR20_Web_Accessible.pdf) to the House of Commons and referenced the UKSPF although we will need to wait until the next Spending Review, expected sometime in **Spring 2021**, to get the full detail. However, there were some broad principles outlined as follows.The UKSPF will operate UK-wide, using the new financial assistance powers in the UK Internal Market Bill (see 5.6 and 5.7). It will be introduced for **2021-22** and will ramp up so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5 billion per year. Note there are no timescales set for this. Investments and programmes will display common branding. The Spending Review states that the UKSPF will help to level up and create opportunity across the UK for people and places. A portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities. The people and places element could be interpreted as a direct replacement for ESF and ERDF and equally rural and coastal communities could mean LEADER and EMFF. More detail is awaited.Further detail suggest that the UK Government will develop a UK-wide framework for investment in places receiving funding and prioritising:* investment in people and skills tailored to local needs, such as work-based training, supplementing and tailoring national programmes (e.g. the Adult Education Budget); and other local support (e.g. for early years)
* investment in communities and place including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity
* investment for local business including to support innovation, green and tech adoption, tailored to local needs.

Currently the Highlands & Islands benefit from €105,380,764 in the ERDF programme and €64,749,601 in the ESF programme In terms of fishing the UK Spending Review pledged £14 million to support fisheries in Scotland for **2021 – 2022**. The current European Maritime Fisheries Fund (EMFF) seven-year programme gives Scotland £95 million. It is also worth noting that the UK Government pledged to maintain funding for fisheries in England in 2021-22 with £13.5 million despite having a much smaller fleet.The Spending Review also covered agriculture with a pledge of £570 million to support Scottish farmers and land managers for **2021 – 2022**. In addition, the UK Government has committed to maintain the funding available to farmers and land managers in every year of this Parliament, supplementing the remaining EU funding that farmers and land managers across the UK will receive for Agri-environment and rural development projects. There is no mention of LEADER funding and it is not possible to obtain current Common Agricultural Programme (CAP) funding although Mr Sunak advises that the Department for Environment and Rural Affairs settlement includes CAP and Fisheries EU replacement funding, with **2020-21** adjusted to make it comparable. **Arctic** |
| 11.111.211.311.411.511.6**12.**12.112.212.312.412.512.6 | The Scottish Government’s Arctic Connections webinar series is published on [www.gov.scot/arctic](http://www.gov.scot/arctic) and is available on a YouTube playlist after the live event at <https://www.youtube.com/playlist?list=PLRW_0wGVvopWBHjM7-Eptzwz96V7Q-vd->Kateryna McKinnon, HIE continues to work with the Scottish Government’s Arctic Unit and there have been ongoing conversations with [Nordic Atlantic Cooperation](https://nora.fo/what-is-nora?_l=en) (NORA) looking at collaboration projects and options around Scottish Government funding. NORA have also had a committee meeting that looked at funding for 10 projects next year, with the potential for Scottish partners The NORA organised Hackathon, scheduled for **March 2021**, will be digital and is expected to include Maine, USA as well as Canada. Representatives from Highland did particularly well in a number of categories in the last Hackathon which was part funded by HIEP. NORA are also looking to do a rural tourism conference to share best practise that arose out of Covid-19. There were some thoughts to include as part of COP21 but as this was such a large event there was a danger the rural tourism event might get lost.Mike Russell MSP, Cabinet Secretary for the Constitution, Europe and External Affairs is looking for increased participation with the Nordics and it is felt that NORA would be a good fit in the key areas of• Climate Change• Sustainable Blue Economy• Research and Innovation cooperationThe Scottish Government are still working on an Arctic Fund and there is a potential for HIE to be involved.**Summary of Ongoing Preparations**Businesses are being updated and assisted by Business Gateway, HIE, Chambers of Commerce and Federation of Small Businesses. HMRC and Industry bodies continue to advise businesses to be aware of their new obligations. The UK Government’s [Check, Change, Go website](https://www.gov.uk/transition?gclid=CL2LupnTi-wCFQnrGwodidkDCA) is regularly advertised and the Scottish Government’s information on the UK’s exit from the EU can be found [here](https://www.mygov.scot/brexit/). Highland Council regularly update their [website](https://www.highland.gov.uk/info/20012/staff_information/815/brexit) that signposts to relevant and up to date informationHighland Council continues to lobby for additional funding for Environmental Health Officers to help deal with the increased workload and infrastructure requirements around Brexit related checks not least the increase in Export Health Certificates post **1 January 2021**.Highland Council as part of wider resilience partnerships continue to work on preparedness and self-assessments, taking concurrent issues on board. **On 7 December 2020** the National Co-ordination Centre (NCC) stood-up and Local Authorities report into them on an exception basis which in turn populates a national daily Horizon Scan. Highland Council Brexit Tactical Group are scheduled to meet again on **12 January 2021** to discuss the latest developments with the TCA and its impacts on the respective Service areas of responsibility. It is worth noting that Highland Council were preparing for a no deal situation based on a UK Government Reasonable Worst-Case Scenario document. These revised Service risks will feed into their Business Continuity Plans and inform the Corporate Risk Register. EU Exit information continues to be communicated to the Brexit Working Group, the Leaders Group, the WSM, the ELT, Heads of Service, the Recovery Board, the Leader (COSLA briefings), regular Members’ briefings as well as numerous press releases, tweets and an article in Staff ConnectionsPresentations on Brexit have been given to Business Gateway, the Inverness, Nairn, Badenoch & Strathspey Business Liaison Meeting (including Caithness Chambers of Commerce, HIE. SDS, FSB, CNPA), European Enterprise Network, Local Authority Resilience Groups (Scotland wide), the Executive Unit, Heads of Service and there is a further scheduled presentation to the Cairngorm Economic Steering Group on **11 January 2021** |
| 12.7 | It should be noted that the TCA, in many ways, is a springboard for further discussions as agreement still needs to be reached on data adequacy, the finance sector and health insurance amongst other areas. Sanctions also exist should one party renege on their part of the deal and fishing will come to the fore again in 2026. In terms of Highland Council, a key component part of Brexit centres around the UKSPF (see 10) and we will not have the full detail until after the Spring spending review. If it is the intention to propose a Brexit seminar then it would be useful to time this in order to take account of the detail around the UKSPF.  |
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|  | Designation: Brexit and European Policy CoordinatorDate: 06.01.20Author: Angus MacLeodBackground Papers: There are no background papers but there are a number of embedded links which Members may wish to explore for additional information. |
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