

Agenda Item	12
Report No	CP/30/21

## HIGHLAND COUNCIL

**Committee:** Communities and Place

**Date:** 31 August 2021

**Report Title:** Update on the support for businesses exporting and importing food

**Report By:** Executive Chief Officer Communities and Place

### 1. Purpose/Executive Summary

- 1.1 The purpose of this report is to update Members on the work carried out by the Environmental Health Team to support businesses that export to, and import from, the EU and the rest of the world.

### 2. Recommendations

- 2.1 Members are asked to:
- note the demand is lower than expected from businesses in the region for Export Health Certificates (EHC) in the first half of 2021 as businesses adjust to new EU requirements and are impacted by Covid;
  - note the consequential loss of income to the Council means the income target for this service is unlikely to be met and a budget pressure of around £47k is currently expected for 2021/22;
  - note the challenges faced by the environmental health team at this time in providing the discretionary EHC service and with uncertainties on future demands;
  - agree to retain the current fees for EHCs through to 31/3/2022 to enable a longer period for review, capturing the lifting of Covid restrictions and further settling in of EU requirements on exporting business; and
  - note the new legislative duty around physical checks of EU food imports at Border Control Posts, with work underway to plan for fish landings at Scrabster from 1<sup>st</sup> January 2022. This is a chargeable service to enable cost recovery and affects environmental health and trading standards teams.

### 3. Implications

#### 3.1 Resource

Environmental Health - The Council can make reasonable charges for Export Health Certificates to enable cost recovery. The Committee agreed fees at the November 2020 meeting subject to a review in 2021. As the report outlines the number of EHCs issued

this year is expected to be lower than anticipated given impacts of Covid 19 and EU Exit. This means it is unlikely the income target can be met this year, expected to create a budget pressure in 2021/22 of approximately £47k. This will be monitored. To balance the budget a corresponding underspend will be required elsewhere in the service budget. The enhanced EHC service introduced in 2021 is under review. This will consider staff availability, employer duties and alternative options.

### 3.2 **Legal**

Environmental Health - There is no legal obligation on the Council to issue export health certificates. This is a discretionary service and is undertaken to support local business with their export trade. The Local Government Scotland Act 2003 allows authorities to impose 'reasonable charges' for anything under the power to advance well-being, including economic factors, within their area. The Regulatory Reform (Scotland) Act 2014 requires that regulators' must contribute to achieving sustainable economic growth, except to the extent that it would be inconsistent with the exercise of their regulatory functions to do so.

3.3 **Community (Equality, Poverty and Rural)** – The seafood sector is a key employer in the Highlands and EU Exit has the potential to negatively impact the sector in terms of exporting to the EU. The Environmental Health team are supporting Highland seafood export business to mitigate any potential negative impact on jobs and local economies.

3.4 **Climate Change / Carbon Clever** – There is reduced travel associated with reduced exports and this will mean lower carbon emissions from road haulage.

3.5 **Risk** – EU Exit has resulted in additional burdens on the Environmental Health team. The team also have an ongoing involvement in Covid19 following up on case investigations, are undertaking the ongoing statutory duties under other legislation and planning for new licensing regimes as reported elsewhere on the agenda for this meeting. These combined pressures present risks to service delivery and statutory public health functions must be prioritised.

The additional workstreams from EU exit include:

- meeting the potential demands for Export Health Certification. This includes managing the process of issuing the certificates, the on-site verification checks and provision of attestations / assurances to other certifying authorities;
- undertaking sufficient inspections / audits of exporting food businesses to verify legislative compliance. This is necessary as underpins the provision of Export Health Certification;
- controls on imported food from the EU start in October, having full effect in January 2022.

3.6 **Gaelic** – There are no known Gaelic implications at this time.

## 4. **Background**

4.1 At the end of 2020 the UK left the EU Single Market and Customs Union. The new trading deal between the UK and EU requires additional requirements around import and export. Businesses must ensure compliance with new rules and additional paperwork such as Export Health Certification.

4.2 As in the [report to the Committee on 25 November 2020](#), the Environmental Health team have a key role in supporting local food businesses to export food to the EU and for firms that import food from the EU.

- 4.3 An Export Health Certificate confirms that exported goods meet the food safety requirements of the EU. EHC's must be signed by either an Environmental Health Officer, a Food Safety Officer, or a Certified Veterinarian and are subject to the supplier having passed an inspection of their premises and for full compliance within the export supply chain, under which fishing vessels are also now inspected.
- 4.4 Exporters can engage non-Local Authority certifying organisations to help them fulfil their business needs. These alternative certifying organisations fall into two general categories - private practice Certified Veterinarians (provided they have all the pre-requisite competences set by UK Government) and Scottish Government certifying officers operating within three central belt logistics hubs.
- 4.5 As discussed in our report in November at that stage there was an estimate of 11,000 additional EHCs required in Highland for trade with EU and NI. Through contact with businesses in December this was refined to around 4500 EHCs with many companies making use of the central belt hubs.

## 5. Export Health Certification – January to July 2021

- 5.1 As members will be aware the last few months have been particularly challenging for the seafood sector. New requirements for paperwork for landings, customs, EHCs and new systems have greatly complicated the export process for businesses.
- 5.2 As [reported to Committee on 24 February 2021](#), in Highland demand for EU EHCs has been much lower than expected. This is down to a number of factors including the requirements and costs involved in meeting all the new EU requirements and Covid significantly affecting demand in the EU.
- 5.3 Close working with businesses has been essential as companies use the EHC Online system and the specific EHCs. Further advice and guidance are being provided by the EU and APHA as the export process develops, and officers are keeping local companies informed of any changes.

## 6. Review of EHC work January to July 2021

- 6.1 **Overall numbers** - As mentioned, the demand for EU EHCs has been significantly lower than expected demands. Certificates for other countries have also been lower than in previous years as shown in the table below:

	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2020	Jan to 28/7/21
<b>EU Exports</b>	na	na	na	469
<b>Non-EU exports, including China</b>	3745	2714	559	599

- 6.2 **Area demands** – as shown in the table below the bulk of EHCs are issued by the Lochaber office and the Inverness office. Lochaber office serves significant seafood business in the West and the Inverness office acts as a hub for businesses in the North, North West and North East areas.

	Environmental Health Office						
	CAI	INV	LOC	REH	SUT	SKYE	Total
EU	10	285	126	37	11	0	469
China	8	0	137	50	0	0	195
Rest of the World	18	0	365	19	0	2	404
Total	36	285	628	106	11	2	1068

6.3 Note the EU EHCs and China EHCs both have distinct, separate processes and these also differ from the EHCs provided for export to other countries. The countries covered by the 'Rest of the World' all have individual EHCs and recent exports include to Argentina, Bahrain, Canada, Dubai, Hong Kong, Jordan, Kuwait, Lebanon, Malaysia, Philippines, Qatar, South Africa, UAE, and Uganda.

#### 6.4 Weight breakdown

The tables show the batch weights for the EHC types. As shown the majority of consignments to EU and China are greater than 1 tonne. For EU this is possibly connected to logistics and costs associated with batches and import requirements.

##### EU EHCs

Count of Small Batch <100kg	2	0.4%
Count of Scottish Standard Exp Cert	58	12.4%
Count of Large batch >1,000kg	409	87.2%
Total	469	

##### Rest of the World EHCs

Count of Small Batch <100kg	21	5.2%
Count of Scottish Standard Exp Cert	297	73.5%
Count of Large batch >1,000kg	86	21.3%
Total	404	

##### China EHCs

Count of Small Batch <100kg	1	0.5%
Count of Scottish Standard Exp Cert	17	8.7%
Count of Large batch >1,000kg	177	90.8%
	195	

6.5 **Out of Office Hours Service** – as presented in the previous reports the team have provided an out of office hours service for EU EHCs to assist businesses in meeting the initial challenges of EU Exit. The majority of EU EHCs are issued during office hours (74%) with much lower demands on Sundays (17%, average of 3 EHC per Sunday) and lower again for Saturdays and weekday evenings. The extended service draws on staff availability and goodwill and its sustainability is being reviewed, alongside alternative provision.

	Number issued	average per week	% of total EU EHCs

<b>daytime office hours</b>	348	11.6	74%
<b>out of hours Evenings Mon-Fri (Inverness &amp; Dingwall)</b>	25	0.8	5%
<b>out of hours Saturday (Inverness &amp; Dingwall)</b>	14	0.5	3%
<b>out of hours Sunday (Inverness &amp; Dingwall)</b>	82	2.7	17%
<b>Total EU EHCs</b>	469	15.6	

## 6.6 Comments on review of January to July 2021

Based on data so far (week 30) the total EHCs for 2021 may be around 1800. However, there is considerable uncertainty over demand given Covid19 and other issues as outlined below.

- EU EHCs – demand may increase as hospitality recovers in Europe from Covid19 but it is unclear what impact the challenges the import requirements for EU will have on Scottish firms on recovering their markets.
- EU EHCs – an additional uncertainty is changes to legal requirements on the specific EHCs. Discussions are ongoing but there may be increasing need for vets to sign certain certificates and these would no longer be signed by EHOs or Food Safety Officers.
- Sustainability of the environmental health team providing evening and weekend cover. This service is provided on a voluntary basis by officers and there is a limited number of officers involved. This is understandable given the last year and pressures facing officers in the recovery of other statutory duties. Officers are reviewing this provision and consulting with businesses on support that can be provided e.g. assistance in identifying alternative providers including vets and the Central Belt hubs.
- It must be noted the Lochaber team are a small team and requests for EHCs cannot be accommodated on all occasions. The team works closely with local business to support with EHCs where possible.
- Note no additional funding was provided in 2020 by UK or Scottish Governments to support EU exit requirements and the long term recruitment of staff.
- As stated previously there are ongoing and significant challenges to provide the EHC service as well as other competing duties. These include the statutory public health duties for Covid 19 (our role as enforcement body, on outbreak investigation and port health); statutory duties on licensing (e.g. recent work on short term lets and caravan sites); and ongoing recovery of duties on food safety, health & safety at work; noise & nuisance; housing; private water supplies; local environmental issues; animal health & welfare.

## 7. Fees

7.1 As stated, members agreed the current fees at the November 2020 Committee. This was based on work undertaken by the Society of Chief Officers of Environmental Health in

Scotland (Socoehs) to ensure any charging mechanism would encourage export activity and make Scottish companies competitive on a world stage; secure a fair recovery of costs to the Local Authority providing the EHC; and be administratively simple and not excessively impact on the time available to an EHO/FSO to complete technical tasks.

- 7.2 Given the considerable uncertainties on EHC demands in 2021 it is recommended that the fees remain unchanged through to 31/3/2022. This will allow a longer period for review.

## **8. Food imported from the EU**

- 8.1 The controls on Food imported from the EU are due for implementation later in 2021. From 1 October 2021 importers will be required to submit Pre-notification for imports of foods. From 1 January 2022 physical checks will take place at Border Control Posts (BCP). This work is a statutory duty for local authorities.
- 8.2 Officers are working with Scottish Government and port operators in the Highlands on these requirements and for readiness of any required BCPs. For environmental health this is focussed on Scrabster where there are regular fish landings that would be required to go through a BCP from 1 January 2022. The services are chargeable to enable cost recovery. Colleagues in the trading standards team are undertaking similar work on imported animal feed.

Designation: ECO Communities and Place

Date: 30 July 2021

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