

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 9 MARCH 2021

BREXIT UPDATE

1. BACKGROUND AND CONTEXT

- 1.1 The UK left the EU on 31 January 2020 but nothing much changed during the course of 2020 as the UK continued to follow EU rules during a transition period to allow both sides time to negotiate their future relationship. The transition period ended on 31 December 2020.
- 1.2 On 24 December, it was announced that the UK Government and EU Commission had agreed, in principle, a Trade and Co-operation Agreement covering their future relationship. The UK Parliament was recalled to consider this legislation over one day on 30 December 2020. The EU officially signed the agreement in Brussels before it was flown to London on 30 December by the RAF for Boris Johnson to sign once agreed by Parliament.

2. POLITICAL DEVELOPMENTS

2.1 EU (FUTURE RELATIONSHIP) BILL

- 2.1.1 The EU (Future Relationship) Bill was approved by the Westminster Parliament on 30 December, paving the way for it to take effect on 1 January 2021. The full agreement runs to more than 1,200 pages, but key points include:

Trade

- There will be no extra charges on most goods (tariffs) or limits on the amount of goods that can be traded (quotas) between the UK and the EU from 1 January. However, UK firms now have to certify the origin of their exports and there are limits on what proportion of goods can be assembled from parts made overseas to qualify for tariff-free access to the EU.

There are extra checks at borders, such as safety checks and customs declarations.

- Trade in agricultural produce will benefit from the zero-tariff, zero-quota terms, without which the export of certain meat and dairy products faced tariffs over 40% in line with WTO rules. Food consignments have to have health certificates and undergo sanitary checks, and this includes food products entering Northern Ireland from Great Britain.
- For services, including financial services - a significant part of the UK economy - the situation is still unclear. There is no decision on equivalence, which would allow firms to sell their services into the single market from the City of London. The agreement features standard provisions on financial services, meaning it doesn't include commitments on market access. The UK and EU will discuss how to move forward on specific equivalence decisions. The European Commission, which is in charge of allowing access to the EU's market, said it needs more information from the UK and it doesn't plan to adopt any more equivalence decisions at this point.
- There is no longer automatic recognition of professional qualifications such as those held by doctors, nurses, dentists, pharmacists, vets, engineers or architects, although the deal does create a framework for the recognition of qualifications in future.

Level Playing Field

- Both sides have committed to upholding environmental, social, labour and tax transparency standards to ensure they do not undercut each other. The deal does not include ratchet clauses that would force the UK to keep its rules in lockstep with the EU. Instead, it includes a re-balancing mechanism - either side will be able to retaliate with tariffs (restricted to what

is necessary and proportionate to remedy the situation) if they diverge too much. Any retaliatory measures will be subject to arbitration by an independent panel - not the European Court of Justice.

- Both sides will be prevented from giving an unlimited state guarantee to cover a company's debts or liabilities. In line with EU law, the UK won't be able to rescue a failing firm without a restructuring plan, and any aid to failing banks will have to be the minimum necessary to help it wind down. The UK and the EU will have to disclose any subsidies they award.

Mobility / Travel

- The free movement of people has ended. UK nationals need a visa for stays of longer than 90 days in the EU in a 180 day period, and there are extra border checks for UK travellers. Short-term business visitors do not need to hold work permits or undergo economic needs tests. Managers and specialists are allowed to stay for up to three years and trainees for up to a year. People visiting to set up businesses are permitted to remain for up to 90 days in any six-month period.
- British travellers can still access emergency healthcare in the EU. European Health Insurance Cards will remain valid until they expire. From 4 January 2021 a new UK Global Health Insurance Card (GHIC) instead of an EHIC is available for anyone who does not have one and will eventually replace EHICs. From 1 January 2021, GHICs and most UK EHICs do not cover UK visitors in Norway, Iceland, Liechtenstein or Switzerland.
- The UK and the EU will co-operate on "fair and transparent rates for international mobile roaming" but there is nothing to stop British travellers being charged for using their phone in the EU, and vice versa.
- EU pet passports are no longer valid.

Social Security

- The agreement contains a detailed protocol on social security co-ordination. UK nationals travelling, working or living in the EU (and vice versa) retain entitlements to some benefits, including state pensions, healthcare, disability benefits, unemployment benefits and maternity/paternity benefits. Where eligible, UK nationals will be treated equally to EU nationals (and vice versa).

EU Programmes

- The UK will continue to pay into and participate in some EU funding programmes in areas of mutual interest. The programmes to which the UK has decided to continue access are Horizon Europe, the Euratom Research and Training programme, the fusion test facility ITER, Copernicus, and the EU's Satellite Surveillance and Tracking services.
- The UK however no longer is participating in the Erasmus exchange programme which helps students study in other countries. In its place will be a new worldwide scheme named after the mathematician and codebreaker Alan Turing. Students at Universities in Northern Ireland will continue to participate in Erasmus, as part of an arrangement with the Irish Government. Discussions by Scottish Government around Scotland's continued participation in Erasmus are currently taking place.

Transport

- UK and EU hauliers and passenger transport operators can continue operating between and through UK and EU territory without additional permits or licenses. Hauliers must adhere to certain safety and working standards, including limits on driver hours, rules on professional qualifications, tachographs (speed and distance meters) and vehicle specifications.
- UK and EU carriers can carry out passenger and cargo flights between the UK and the EU without any limits on capacity or frequency. EU member states may strike bilateral

agreements with the UK for cargo flights to be carried out between the UK, the EU member state, and a third country. The agreement covers air traffic rights and aviation safety.

- UK and EU ships have access to each other's ports, port infrastructure and customs facilities on terms no less favourable than those applied to their own vessels.

Data Flows

- The deal includes a temporary solution to keep data flowing until the EU has adopted a data adequacy decision in relation to the UK. This bridge period will last a maximum six months or end as soon as the EU's data adequacy decision has been finalised, which is expected to happen in early 2021. Personal data shipped to the UK from the European Economic Area (EEA) can flow freely during this interim period.
- Transfers of data from the UK to the EEA are not restricted as a result of UK adequacy regulations already being amended to include the EEA.
- Both sides committed to uphold high levels of data protection standards and to ensure "cross-border data flows to facilitate trade in the digital economy" without imposing limits on where data can be stored or processed.

Security

- The UK no longer has automatic access to key databases but should be able to gain access on request to information such as DNA, fingerprint and airline passenger information transfer (Passenger Name Record - PNR) as part of investigations into terrorism and serious crime.
- The UK is no longer a member of Europol - the EU's law enforcement agency - but will have a presence at its HQ (similar to the USA).

Energy

- The UK does not have access to the EU's internal energy market but there will be new arrangements in place by April 2022 to make sure that trading is smooth and efficient on interconnectors - power cables that run between the UK and Europe - which are important as the UK gets 8% of its power from the continent.
- The UK is no longer part of the EU's emissions trading system but both sides have agreed to cooperate on carbon pricing in future and "consider linking their respective systems." The UK-EU agreement would be suspended if either side breaches their commitments to the 2015 Paris Climate Agreement.

Fishing

- The UK becomes an independent coastal state and can decide on access to its waters and fishing grounds.
- EU boats will still be able to fish in UK waters for some years to come and 25% of the value of their current catch will now become available for UK fishing boats.

Dispute Settlement

- The UK and the EU will first try to resolve disputes by diplomacy through a new UK-EU joint committee (called the Joint Partnership Council). If they cannot resolve their disputes consensually, they can refer most disputes to an independent tribunal. Some disputes cannot be referred to the independent tribunal. Instead, the UK and the EU can use traditional trade remedies in the form of tariffs or suspend parts of the UK-EU Trade and Cooperation Agreement.
- If they cannot resolve their dispute amicably, they can refer most disputes to an independent arbitration tribunal which will be convened for each dispute and will have up to 160 days to issue a ruling.

- The UK is no longer bound by the European Court of Justice (ECJ) – a key ask from the UK – although the ECJ will still have jurisdiction with respect to the application of EU rules under the Northern Ireland protocol and over EU research programmes in which the UK chooses to participate.

2.2 The Internal Market Bill and Common Frameworks

- 2.2.1 The main purpose of the Internal Market Bill was to create a fair and seamless “internal market” between the UK’s four separate nations after the UK left the single market and customs union at the end of the transition period. In essence, this means that most goods, services, or professional qualifications in one of the nations of the UK can be automatically traded or apply in the other parts of the UK.

2.3 The Scottish EU Continuity Bill

- 2.3.1 This Bill was passed by the Scottish Parliament on 22 December and will give powers to Scottish Ministers to keep pace with future EU legislation. The Bill introduces statutory consultation for Local Government on future environmental obligations and COSLA has been lobbying to ensure that Local Government is consulted formally whenever Ministers wish to introduce any new relevant obligations to keep pace with EU standards.

2.4 UK Shared Prosperity Fund

- 2.4.1 The UK Shared Prosperity Fund (UKSPF) is intended to replace the funds which areas currently receive from European programmes. The UK Government had said it would announce details of the UKSPF as part of the Comprehensive Spending Review (CSR) which took place on 25 November. However, the CSR did not provide as much information on the UKSPF as anticipated. Instead the Chancellor said that the UK Government will launch a series of pilot projects, worth £200 million, in order to help local areas prepare for new approaches, and that the full funding profile of the UKSPF will be set out at the next Spending Review in Spring 2021. In terms of quantum, the Chancellor said that total UK-wide funding would at least match EU receipts, on average, reaching around £1.5 billion a year.

3 LOCAL PREPARATIONS

- 3.1 Report Nos 273/19, 103/20 and the information report of 1 September 2020 published on the council’s webpage gave detailed updates on the preparation and readiness work that had been undertaken nationally and locally up to August 2020. A further update is detailed below:

- Brexit work continues to be aligned to the Council’s COVID-19 response and recovery plans.
- Up until January 2021 the council’s officer Brexit Group met on a monthly basis, but this group will now meet on a bi-monthly basis and continue to develop, monitor and progress plans as required.
- The Senior Practitioner (Brexit Co-ordinator) post has been extended until 9 December 2021 with a further £25k Scottish Government funding being awarded for financial year 21/22.
- The Tayside Resilience Partnership approved the updated Tayside EU Exit Preparedness Checklist and Risk Mitigation document on 18 December 2020 and will continue to monitor and review in line with the Scottish Resilience Partnership.
- The Council is linked into national, regional and local resilience planning arrangements and these were re-activated in the lead up to 31 December, on the basis of ‘reasonable worst case scenario’ assumptions.
- Reporting to the National Co-ordinating Centre (NCC) resumed from 28 December and arrangements were put in place to ensure that reporting of any local issues was fed into Resilience Direct.
- The Scottish Resilience Partnership (SRP) Sub-Group on EU-Exit has now merged with the SRP Concurrency Sub-Group to form the Current Risks Operational Group (CROG).
- COSLA all Councils teleconferences continue to take place once a month.

- NHS Tayside EU Exit Group continues to meet on a monthly basis and the frequency of future meetings will be reviewed in the coming month.
- The Home Office published its [quarterly statistics](#) up to 30 September 2020 on applications to the EU Settlement Scheme. The total number of applications received was 4,062,000. 204,660 applications have been made in Scotland with 13,780 applications made in Angus, 12,970 of these have been completed with 6104 receiving settled status, 6470 pre settled status and 360 applications had other outcomes.
- A national communications campaign has continued to ensure that EU citizens are aware of the need to apply for settled status and of the assistance available. We have made use of both Governments' campaigns and toolkits and have promoted the advice and information available through social media channels such as Twitter and Facebook. Schools and Learning are currently finalising an information document which will be sent out to all parents/guardians of Angus children.
- Procurement assessment continues to be taken forward nationally via Scotland Excel and locally our procurement team continue to ensure they are prepared for the new arrangements for inviting tenders.
- All fishing boats at Arbroath Harbour have been inspected.
- Updates on General Data Protection Regulation (GDPR) continues to be monitored by our Legal and Information Governance colleagues in line with the Information Commissioners Office (ICO).
- We encouraged businesses to prepare for the end of the transition period by taking action to adapt to the changing business environment and in particular to changes to exports and imports which may affect them and their supply chains. This has included promoting the use of Scottish Enterprise checklists and toolkits, encouraging applications for Scottish Government grants and circulating advice from Business Gateway and Dundee and Angus Chamber of Commerce.
- The [Invest in Angus](#) web pages continue to be updated with the most up to date information on Brexit and COVID.
- The Angus Council website continues to signpost and share information on Brexit and COVID.

4 CONCLUSION

- 4.1 The economic damage being caused by COVID-19 has left businesses less prepared for the changes brought about by the new relationship between the UK and EU. Angus will continue to engage and connect with partners nationally and locally to monitor and respond to Brexit in concurrency with COVID and other winter pressures.