



# BREXIT UPDATE SCOTLAND

14<sup>TH</sup> MARCH '19

Including:  
Brexit Support Grant  
For SME's



Dear Member,

Following the non-binding vote on 13<sup>th</sup> March, “No Deal” IS still on the table and while it now seems less likely that the UK will leave the EU without a deal, one can never be sure and we urge members to continue preparing for worst case scenario.

While things unfold at Westminster, we wanted to update you on activities here in Scotland and recent successful engagements the SWA have had with the Scottish Government.

One important opportunity is your potential access to the Scottish Government’s Brexit Support Grant which was launched earlier today. **The SWA are in discussions with the Scottish Government to attempt to broaden the scope of the Grant to secure specific support for wholesale members to help with stockpiling of food supplies, in particular those members who service Public Service contracts.**

We would also urge members to continue to feed your thoughts and concerns through to us on any difficulties you may start to encounter as a result of Brexit and supply chain preparations for it. These include short delivered or restricted stock supplies, workforce problems, financial issues relating to banking terms/loans, logistics issues and any other situation that is disrupting your normal trading conditions/operation.

### **Scottish Government Brexit Support Grant**

Launched on 13<sup>th</sup> March, the Brexit Support Grant, funded by the Scottish Government (SG), provides up to a maximum of £4,000 to help small to medium-sized enterprises in Scotland manage a wide range of Brexit impacts.

The SWA have been asking SG to help our SME members with funding to help them prepare for Brexit. In particular to ease cashflow for stockpiling key products, especially where they service public sector contracts. Currently Scottish Enterprise (SE), who manage the grant, have said that grants cannot be specifically used for stockpiling but we are awaiting confirmation from SG on this.

While we await this response, we ask that members **DO APPLY** for this grant either for activities listed below but **ALSO** for stockpiling assistance! Doing so will highlight to SE and SG that stockpiling is a major part of our industry Brexit preparations. And helps provide weight to our arguments with SG.

If when you apply you could let SWA know that you have applied, again so as to strengthen our hand with Government.

## What activities can the grant be used for?

Here are some practical examples of activities the grant can be used for:

- Brexit impact scenario planning
- Additional professional services specifically in relation to Brexit issues, e.g.
  - Legal and contractual issues
  - Modelling cashflow
  - Modelling impact of changing customs/tariffs/VAT
  - Strengthening financial and currency management
- Exploring supply chain issues and opportunities
- Reviewing and optimising transport or logistics arrangements
- Costs incurred in acquiring AEO (Authorised Economic Operator) status
- Human resource issues
- Cost of (up to two employees) attending training courses relating to any of the above topics if your company is also undertaking complementary activity
- Air travel from Scotland to international markets to react to supplier and/or customer issues directly relating to Brexit (two employees per company, per visit, economy fares and flat rate of £50 per person per night for accommodation)

## Eligible costs covered by the grant

To help your company respond to Brexit implications, the grant can be used for costs incurred for:

- Consultancy (not on payroll)
- Professional fees – legal and financial (not on payroll)
- Graduate placements (on payroll)
- Interns (on payroll)
- International market visits – travel and accommodation

## Am I eligible?

Yes, if you're a:

- VAT registered small to medium-sized enterprise (SME) based in Scotland
- Under 250 employees
- Turnover less than 50 million Euros or
- Balance sheet less than 43 million Euros

## How to apply

[Download an application form \(Word doc, 45KB\)](#)

Sign, scan and return your completed application by email to [enquires@prepareforbrexit.scot](mailto:enquires@prepareforbrexit.scot) Once you've submitted your application form, we'll update you on progress within 7 working days. Got a question or need help filling in the form? Give us a call on **0300 013 3385**

<https://www.prepareforbrexit.scot/updates/brexit-support-grant>

## **Prepare For Brexit: Must Do Now!**

In collaboration with other Scottish trade bodies and the Scottish Government's [www.prepareforbrexit.scot](http://www.prepareforbrexit.scot), we have compiled the most urgent 5 things that you MUST DO NOW. The attached leaflet highlights those in summary but more details can be found at:

<https://www.prepareforbrexit.scot/updates/essential-actions-businesses-should-take-now>

## **Temporary Tariff System**

If the UK leaves the EU on 29 March without a deal, the UK would implement a temporary tariff regime. This would apply for up to 12 months while a full consultation, and review on a permanent approach, is undertaken

Under the temporary tariff regime the majority of UK imports would be tariff-free. In certain sectors, tariffs would be maintained to support the most sensitive agricultural industries, the automotive sector, vulnerable industries exposed to unfair global competition, and to maintain the UK government's commitment to developing countries.



The new tariff regime would mark a shift in favour of products from non-EU countries. It would mean 82% of imports from the EU would be tariff-free, down from 100% now. While 92% percent of imports from the rest of the world would pay no border duty, up from 56%.

Details on the tariff system can be found at:

<https://www.gov.uk/guidance/the-food-and-drink-sector-and-preparing-for-eu-exit#tariffs>

Further guidance can be found at [temporary rates of customs duty on imports if the UK leaves the EU with no deal](#).

Following the publication of the UK Government's plans to establish an independent tariff policy, Scotland's Constitutional Relations Secretary Michael Russell has warned of the problems inherent in the proposals.

Mr Russell said:

*"Today's announcement – made with no prior consultation with Scotland or the other devolved administrations – presents further evidence of the UK Government's reckless approach to Brexit.*

*"First of all, there is simply not enough time to put the necessary arrangements in place to pass these measures. Had the UK Government acted in good time then that would not be the case.*

*"Secondly, if we leave the EU with 'no deal' then it will have to impose the same tariffs on us as they do on other third countries.*

*"That would make trade with our European neighbours far more expensive and problematic than at present. The UK Government has itself conceded that this could mean a loss of almost £2 billion annually to the UK's food and drink sector.*

*"Of course, were Scotland to remain with the EU customs union, we would continue to enjoy minimal delays to trade or tariffs as well as reaping the benefits of other preferential economic agreements which EU members enjoy.*

*"Any type of Brexit will have a negative impact on Scotland's economy – and what is becoming increasingly apparent is that a 'no deal' Brexit would be disastrous."*

## **Scottish Government Oral Questions – SWA Specific**

### **Wholesale Food Sector (No-deal Brexit)**

#### **3. Alex Cole-Hamilton (Edinburgh Western) (LD):**

To ask the Scottish Government what preparations it is making for business continuity with wholesale food providers in the event of a no-deal Brexit. (S5O-02957)

#### **The Cabinet Secretary for the Rural Economy (Fergus Ewing):**

As it will for all parts of the food and drink supply chain in Scotland, a no-deal Brexit is likely to have serious consequences for the wholesale sector. As it happens, I had a meeting just this morning with the Scottish Wholesale Association, as the member may know. In an interesting discussion the association told me specifically about the disadvantages that are already being experienced because of the possibility of no deal.

#### **Alex Cole-Hamilton:**

Bidfood is a large wholesale provider that is based in Newbridge, in my constituency. These are anxious times for that company. Can the Scottish Government reassure Bidfood that it will get information as soon as it becomes available for contingency planning and that the Scottish Government will do what it can to ensure continuity in the supply chain so that Bidfood can continue trading in the way that it does now?

#### **Fergus Ewing:**

I am happy to provide that assurance, which I provided to Bidfood's representative at the meeting this morning.

The wholesale sector says that storage costs are already rising and there is hardly any, if any, chilled storage capacity. There are already price impacts and some instances of stockpiling by major players. I agreed that we would of course keep the wholesale sector, which is an important sector of our economy in the member's constituency among others, fully advised as far as we are able to. However, we can advise the sector of

## **Meeting with Michael Russell MSP**

SWA had a useful and productive meeting with Michael Russell MSP, the Cabinet Secretary for Government Business and Constitutional Relations on Wednesday 27th February.

SWA representatives Colin Smith and Margaret Smith briefed Mr Russell generally on the wholesale sector highlighting the role wholesalers play in supplying independent retailers, food service customers and public sector contracts and the tight margins the sector works within.

We raised the particular concerns passed on to us by large national members and by family local SME's.

Issues covered included –

- Sustainability of supply
- Stockpiling
- Impacts on Rural/Island communities and hospitality/tourism



- Public sector contract resilience
- Need for specific support for SMEs
- Tariffs – including the legislative timetable required for secondary legislation in event of No Deal.

The Cabinet Secretary said both UK and Scottish Government's agreed that the vast majority (75%) of SME's were not engaging with or accessing information from either government over Brexit.

Mr Russell said "We'll need to factor in additional work to guarantee small wholesalers/retailers will be properly serviced and supplied. " He was attending a Scottish Cabinet Brexit Resilience meeting later that day and he would feed in the issues SWA had raised, including the general background information about wholesale's role in the food and drink supply chain to smaller retailers and public contracts.

We welcomed this and suggested that the Scottish Government might set up a helpline/call centre to assist SME's within F&D to engage on Brexit and to answer questions from businesses. Mr Russell said he would "factor that in" however he said one of the key issues would be that even the Scottish Government didn't know the answers at this stage.

### **Future Issues Being Raised With Scottish Government**

SWA are due to meet again with Fergus Ewing MSP on Thursday 21<sup>st</sup> March to discuss our concerns about the cumulative effects/costs on our sector. Including DRS, HHFS and the Workplace Parking Levy.

***We ask all members to complete our Parking Levy survey if you haven't already done so. This will be presented to Mr Ewing during our meeting.***

<https://www.surveymonkey.co.uk/r/SWA-WPL>

**Colin Smith**  
**Chief Executive**

