

The briefing divides the potential impact of no deal on the sector into three categories:

» TRADING ENVIRONMENT



Border delays



► Speak to your wholesalers/suppliers about impact on deliveries and plans to reroute deliveries

Product availability



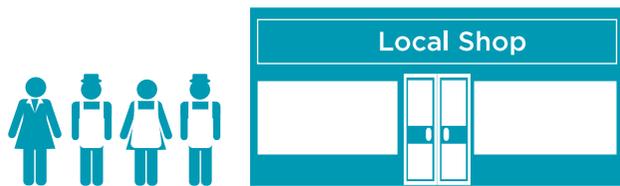
► Take an agile approach to stock management and closely monitor developments in the lead up to 31st October

Affected products



► Fresh produce may be affected by border delays

» WORKFORCE & PEOPLE



Employment status



► Download the Employer Toolkit and direct employees towards relevant EU settled status scheme

Store colleagues



► Brief store colleagues about potential increased anxiety from consumers in the lead up to 31st October

» REGULATION



Product labelling



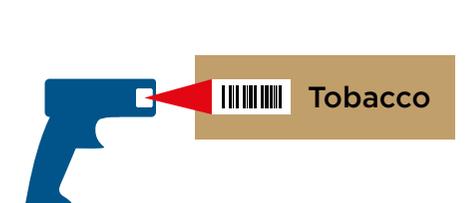
► Be aware that certain product labels will need to change in the months following no deal

Transition and sell through periods



► Be aware of the sell through periods for products affected by labelling changes

Tobacco track and trace



► The tobacco track and trace system will be temporarily suspended

Border delays

It is widely anticipated that there will be disruption of supply of products sourced from the EU in the event of no deal. This disruption will most likely be caused by delays at borders as goods will need to be checked for regulatory compliance and the application of new tariffs as they cross borders. This is most likely to impact the border between Dover and Calais often referred to as the “short straits”. Government planning assumptions state that trade flow is expected to fall to 40-60% of current levels on Day One of no deal, rising to 50-70% after three months¹.

The UK Government have made clear they will take a range of mitigating actions to ensure that goods can enter the UK market from the EU in the event of no deal without checks and disruption. However, delays in either direction, Dover to Calais or Calais to Dover, would affect the flow of goods at borders and have knock on effects across the food supply chain. In most scenarios this disruption would quickly have on knock on impact on inbound trade flows as ports and roads become congested, and vehicles that undertake frequent roundtrips become tied down in the disruption.

The Government has made plans called “Operation Brock” to manage the potential build-up of lorries on the M20 and M26 in Kent. There could also be traffic disruption around other major ports for example Holyhead. Convenience retailers operating in these regions should consider what impact traffic disruption may cause to deliveries to their stores.

More information on changes at the UK border is available [here](#).

Considerations

- ▶ **Understand what your suppliers and wholesalers are doing to mitigate border delays at the short straits (Dover/Calais) and how it might affect supply to your store.**
- ▶ **If you trade in the South East or in North Wales consider the impact that traffic disruption, as a result of Operation Brock on the M20 and M26, and a build-up of lorries on the A55 may have on deliveries to your stores. Contact your wholesaler to understand their contingency plans to reroute deliveries.**



Product availability

Suppliers and wholesalers

Many suppliers and wholesalers will be attempting to mitigate supply chain disruption by holding additional stock of certain products or ingredients that will be affected by border delays. But suppliers holding additional stock will not mitigate supply disruption if there is a significant interruption to import/export flows in the weeks after a no deal Brexit. Warehousing space is limited, especially for frozen and chilled products, and will only mitigate supply shortages in the short term.

Polling from the Food and Drink Federation Business Confidence report³ suggests 47% of food manufacturing businesses have incurred additional cost from building additional stock for no deal and 39% had experience decreased availability of warehousing. The research also highlights lack of warehousing space and increased seasonal demand hampering their ability to hold additional stock.

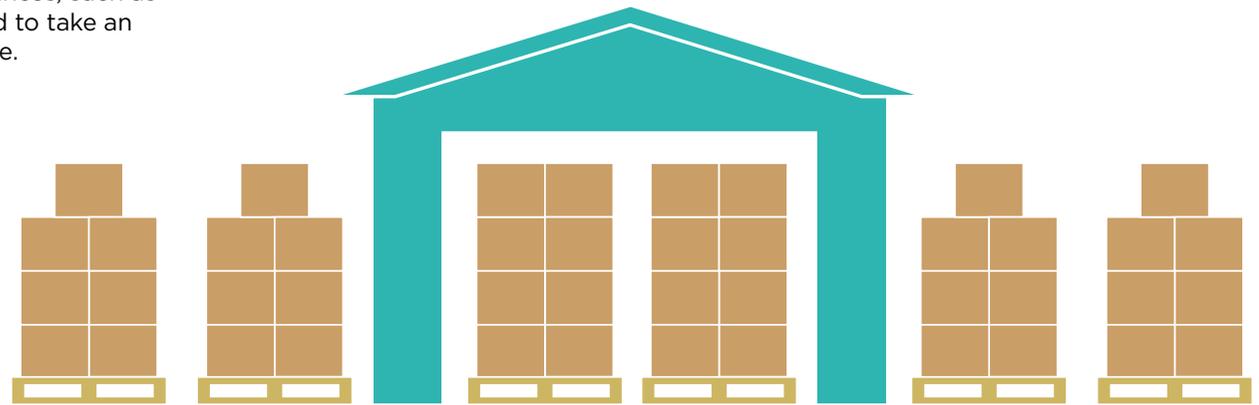
Consumers

Consumers may seek to stockpile product in the lead up to 31st October too. The starting point for consumer stockpiling will correlate with the new information issued by the UK Government, developments in the UK Parliament and milestones in the negotiations between the UK and EU. Therefore, retailers should anticipate increased demand for product **in advance** of October 31st and try to account for this in their ordering process.

The types of products that consumers seek to stockpile is hard to predict and may not align with the products that consumers stockpile in other circumstances, such as extreme weather conditions or fuel strikes. Retailers should be prepared to take an agile approach to their ordering processes in the lead up to the deadline.

Considerations

- ▶ **Speak to your suppliers and wholesalers to clarify what their assessment of the supply chain risk is for key products and what their mitigation plans are?**
- ▶ **Consider ways in which you can provide clear and best information to you customers about likely product availability issues.**
- ▶ **Consider what extra capacity you have in your storerooms or across your business to hold additional stock of products that will be in highest demand.**
- ▶ **Consider what products will potentially be in greater demand and consider whether you can take some account for this in your delivery orders.**
- ▶ **Closely monitor media coverage of no deal developments, including; government information bulletins and ACS updates to understand if it will prompt consumers to stockpile.**



Affected products

Fresh products with limited shelf life, are most likely to be impacted because of delays at borders and limited capacity to hold additional stock of these products.

However, a range of other products will be affected. Many products sold in stores will source ingredients from within the EU which could be affected by no deal leading to disruption in the manufacturing process and therefore supply shortages.

Considerations

- ▶ **Speak to your suppliers and wholesalers to clarify what products they anticipate there will be shortages of.**
- ▶ **Review your product ranges to identify affected products and account for this in your stock ordering.**
- ▶ **Consider how you will communicate with your customers about product availability, delayed deliveries and changes to product ranges in your store.**



Competition law

There are no changes to Competition Law as a result of no deal.

Businesses should maintain Competition Law compliance until the Government indicates otherwise.

Considerations

- ▶ **ACS' competition statement for the operation of trade association meetings is available [here](#).**
- ▶ **Monitor Government and ACS bulletins about changes to Competition Law.**

Product pricing

Wholesale prices could increase for certain products depending on product availability and demand from consumers. Suppliers could change normal pricing structures requiring retailers to review prices in stores.

Prices could also be impacted by currency fluctuations, as financial market react to no deal, and the introduction of new import tariffs. The UK Government will confirm the applied tariff schedule for imported goods in the lead up to the 31st October. Temporary tariff rates set at zero are expected to apply for the majority of imported goods for 12 months if there is no deal. We recommend retailers sign up to the Government Brexit Readiness email alerts [here](#) to receive updates on new tariffs.

Considerations

- ▶ **Look out for the publication of the Government's Tariff Schedule for imported goods in the lead up to 31st October.**
- ▶ **Be aware of your obligations under the Fair Trading Act when reviewing product pricing and promotions. ACS' Fair Trading Guide is available [here](#).**
- ▶ **Consider how you will communicate with your customers about price increases and reasons why.**

Fuel

Government planning assumptions⁴ have included potential disruption to the UK's fuel supply in the event of no deal, even though most fuel enters the UK through different ports to food and other products before being refined and distributed to retailers. If there are border delays, traffic disruption near ports could affect fuel distribution in the surrounding areas. Customers attempting to stockpile fuel could also lead to shortages at certain sites. Disruption and currency fluctuations may lead to fuel price increases.

The government does have emergency plans in place to mitigate shortages. These include designated sites that would be required to provide priority access for the provision of fuel. These businesses will be aware that they are a designated site.

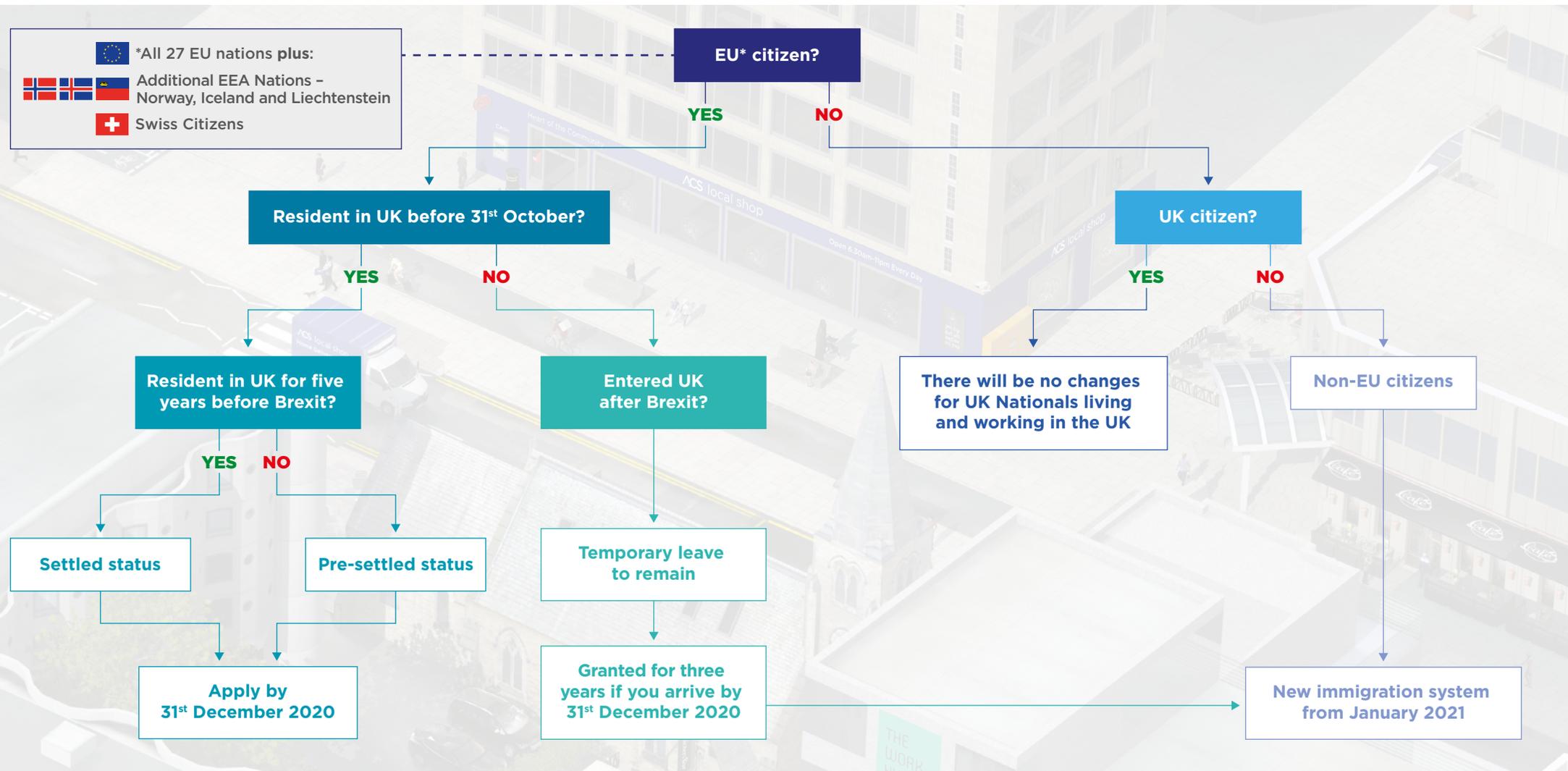
Considerations

- ▶ **Be aware of your responsibilities if you are a designated fuel site.**
- ▶ **Fuel retailers may be contacted by Local Resilience Forums. More details on Local Resilience Forums is available [here](#).**



Employment status

ACS has developed a flowchart to help you assess which of your store colleagues' employment status will be affected by no deal.



We recommend that you download the Employer Toolkit provided by the UK Government [here](#) and share the content with store colleagues that make enquiries.

Employment status

UK citizens

There will be no changes for UK Nationals living and working in the UK.

EU citizens

In the event of no deal, EU, EEA and Swiss citizens who are resident in the UK before the date of departure can apply for settled or pre-settled status under the EU Settlement Scheme to continue to live and work in the UK. Citizens who have lived in the UK for five years or more are eligible for settled status and those who have lived in the UK less than five years are eligible for pre-settled status. If there is no deal, the deadline for applying is currently 31st December 2020.

We recommend retailers sign up for email alerts [here](#) to receive updates on the government's guidance on employing EU, EEA and Swiss citizens if the UK leaves the EU without a deal.

EU, EEA and Swiss citizens and their families who enter the UK after 31st October and up until the end of 2020 will be able to obtain European Temporary Leave to Remain (Euro TLR), a temporary immigration status lasting three years. More information is available [here](#).

The current Right to Work checks on EEA citizens will not change on 31st October. Employers will not need to differentiate between EEA citizens resident in the UK before or after 31st October. The government will issue new guidance on how to carry out right to work checks from 1st January 2021.

Considerations

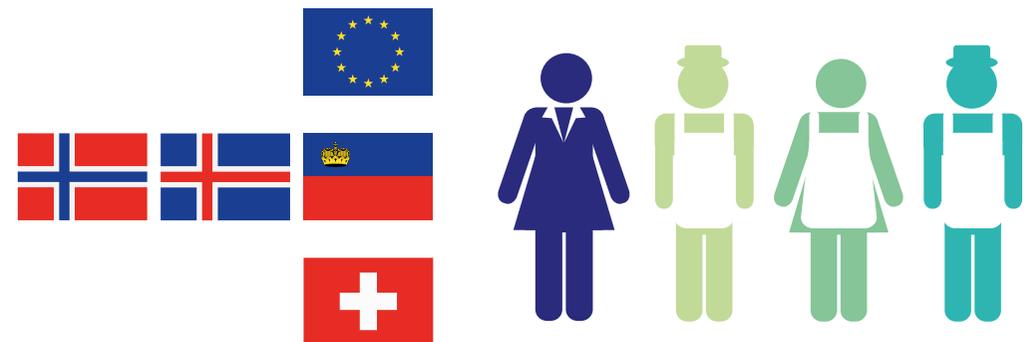
- ▶ **Direct your employees to the [EU Settlement Scheme](#).**
- ▶ **Be prepared to support your staff to apply for settled or pre-settled status by reading the [Employer introduction to the EU Settlement Scheme](#).**
- ▶ **Action: Download and use the [employer toolkit materials](#).**

Non-EU citizens

From 1st January 2021, a new skills-based immigration system will launch. More information on this is available [here](#). The government recently announced the intention for this to resemble an Australian-style points system.

Considerations

- ▶ **Consider your businesses future recruitment needs and the impacts of future immigration policy.**
- ▶ **Consider how your business will retain and attract employees in a potentially tighter labour market.**



Store colleagues

Whenever there is significant social and economic change, there can be knock-on effects related to crime and disorder. Retailers may therefore wish to review their internal security procedures, for example increasing staff levels or existing guarding provision.

Retail should ensure staff are informed of potential new risks, for example dealing with product shortages, and that your policies for responding to them are clearly understood. ACS' Crime Report found that the top trigger points for violence and abuse in stores are challenging shop thieves, refusing age restricted sales or refusing to serve intoxicated customers. Retailers should also check the terms of their business insurance to determine where liability falls in case of criminal damage to stores. ACS Advice on Business Insurance is available [here](#).

Considerations

- ▶ Review staffing levels and existing guarding provisions in stores in response to higher anxiety from customers about product availability.
- ▶ Brief staff on the potential of increased consumer anxiety, ACS' animation on Managing Violence and Abuse in convenience stores is a useful resource available [here](#).
- ▶ Check the terms of your business insurance for coverage of criminal damage.

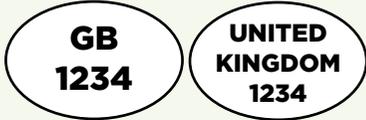


Goods regulation

For goods regulation, the government has taken the decision, in the event that we leave the EU without a Brexit deal, to provide continuity for a temporary period after 31st October 2019.

Product labelling

The UK government will have a 21-month transition period where possible, and a pragmatic approach to enforcement for all labelling changes for goods produced or imported and placed on the UK market after exit day. Government guidance on Food labelling changes is available [here](#) and on tobacco labelling changes [here](#).

Label	Changes	Sell through period
<p>Health marks on meat and fish products</p> 	<p>The EU oval health identification mark may still be used for products placed on the domestic market for 21 months after the UK leaves the EU. The new UK health mark examples are available here.</p>	<p>21 months</p>
<p>Country of origin labels</p> 	<p>Food produced in the UK cannot be labelled as EU origin. Most foods from member states can be labelled 'origin EU'. For mixed UK products, 'UK and non-UK origin' must be used and EU must not be referenced. All food can be labelled with the specific country or countries of origin.</p>	<p>Pragmatic enforcement</p>
<p>EU organic logo</p> 	<p>There is no transition period allocated for transitioning to a UK Organic Logo. The EU organic logo should not be used on any UK organic products after 31st October, but Defra will encourage a pragmatic approach to enforcement within the UK.</p>	<p>Pragmatic enforcement</p>
<p>Tobacco health warnings</p> 	<p>There will be a sell through period of 12 months for tobacco products containing EU picture warnings, manufactured prior to 31st October 2019. From 1st November 2020 all tobacco products sold must be labelled with the new picture warnings, which have been secured by agreement with the Australian government.</p>	<p>12 months</p>

Tobacco track and trace

If the UK leaves the EU with no deal, the government will suspend the current track and trace system as the UK will lose its access to the Secondary Repository and businesses would be unable to record and upload the movement of tobacco products.

If the track and trace system is suspended, there would be no obligation for businesses to scan the movement of tobacco through the supply chain. There also would be no obligation for retailers to present their Economic Operator Identifier Code and Facility Identifier Codes to purchase tobacco. It is currently unclear whether existing identifier codes would be transferred to a new system or whether retailers would be required to reapply for their codes. The government intend to restart a UK system as quickly as possible with the minimum changes necessary. The UK track and trace system is intended to be restarted within 6-12 months after exit day.

