

Andy Richardson, Chair Food & Drink Industry Board Wales

1. What is your assessment of the current levels of Brexit preparedness in Wales, and in your sector in particular?

This depends on what the outcome will be. If you are asking whether Welsh food and drink businesses are prepared for a hard Brexit, then the answer varies from business to business but on average the answer is “no”.

If we take inputs, I don't think many businesses have completed a thorough input supply chain analysis to understand the upstream risks. Many are working on the assumption that their immediate suppliers can continue to supply and are not considering who supplies their supplier and even further up the chain to understand where the real risks are – this is really important work to ensure a business prepares thoroughly for Brexit.

Businesses who use UK inputs to manufacture products which they supply to the UK market often feel relaxed about the outcome of Brexit, but I would challenge the reliability of this assumption.

Those businesses which currently sell to the EU are often under prepared. An example of this is with the EORI number which all UK companies who sell to the EU will need to have when we leave the EU. Information given to me a few weeks ago indicates that only 1/3rd businesses who needed this certificate actually had one on 1st April which means they simply were not ready and able to export to the EU after this date.

Those businesses that were well prepared for a hard Brexit at the end of March often ran higher input stocks and stocked up export markets. This incurred significant costs which hit the P&L and cash flow. There are some who did this last time around who are considered not repeating this stock strategy for 1st Nov due to the significant cost implications.

2. What effect is the Article 50 extension period having on Brexit preparedness in Wales? How should the Welsh and UK Governments use the time? Are there any risks or opportunities that differ from the 29 March exit date?

I don't believe many businesses have taken the time to improve their level of preparedness.

Article 50 has only served to cause greater uncertainty, delaying of investment decision and loss of customers to overseas markets where they are not prepared to accept the risk of uncertain supply chains.

I believe the UK & Welsh Governments should use the extension time:

- 1) Reflect on those things which were not ready for 1st April and ensure they are delivered for 1st Nov
- 2) Stress test new system functionality (for example, I know of a business who regularly contacts the Health Certificate help line and it takes over 10 minutes to get through. This is not sustainable when you have multiple orders to process in one day. The same business recently experienced a health certificate being cancelled for no reason when a ship was mid Ocean enroute to a customer). We must iron out these problems now whilst we have time
- 3) Find new ways to engage with businesses to ensure they are ready for a hard Brexit

The biggest threat to a delayed Brexit is apathy – businesses are “losing the will to live” and many now intend to “wait to see” what happens before acting – this is a very real risk

Many businesses who stocked up inputs and export markets in preparation for 1st April incurred cost to their P&L and cash flow. For businesses whose year end was 31st March this has had a significant effect on their full year results.

For other businesses cash flow has been tight which caused some concern regarding bank loan agreements. For others business sales were buoyant in March which inflated 18/19 financial year results with a net negative impact on the following (current) financial year.

3. Have you received sufficient support and communication from the Welsh Government? How useful have the Business Wales Brexit Portal and Preparing Wales websites been to you?

Communication from the Welsh Government has been very good and helpful however many issues are out of their hands because accountabilities lie in London. Food Liaison Groups have worked well.

The websites mentioned are helpful but the most useful help would be a “helpline” manned by knowledgeable people who have the resolved to solve problems and follow up enquiries quickly.

There are a number of self-help industry websites which are helping to identify problems and questions and disseminate information quickly to industry members. www.brexitfoodhub.co.uk is a good example – I think it would be good for Government to engage and support these initiatives proactively which ultimately will lighten the load on government enquiry services

4. Has the impact of Brexit on supply chain businesses been considered sufficiently by the devolved public sector? What engagement have businesses had with local authorities to ensure they are involved in Brexit preparations?

I genuinely believe it has but the problem is still that Government cannot provide simple focused advice because the outcome is not known. If Government cover off all scenarios with their advice to businesses, then businesses will be swamped with information and will simply ignore it or miss vital information. Seeing the wood from the trees is an appropriate analogy.

I am not aware of many businesses who have engaged with their local authorities.

5. What impact has the uncertainty around Brexit had on your ability to inform your members in preparing for Brexit?

The Food & Drink Board Wales has run Brexit events for food and drink businesses, but attendance was average. The greatest problem is the sheer volume of information which needs to be disseminated to businesses to cover off all Brexit scenarios.

The Uncertainty has been the biggest barrier to giving accurate, concise and actionable information to businesses

6. Are you aware of any 'no deal' contingency plans having been tested ahead of 29 March and / or 12 April? How prepared are businesses for anything other than 'no deal'?

I am aware that some larger businesses have "no deal" contingency plans the medium and small businesses often don't have these plans. In many cases this is because they lack the physical resource and skills to complete this work.

Businesses are not prepared for a "no deal". Anything less than this should be easier to plan for but many businesses have assumed that anything that is not a "no deal" would be very similar to business as usual. This is not a good assumption as many things could change – for example, we may not have trade deals with countries such as Norway and Turkey at the point of leaving the EU because of their existing trade deals with the EU. These roll over trade deals may or may not apply to the UK

7. You have stated in the past that there are many small and medium-sized businesses in Wales that do not have the capabilities and resources to be able to react to, and plan based on, information published at the last minute. Do you think the information from the Welsh and UK Governments in relation to a 'no deal' Brexit was provided in sufficient time for these businesses?

To answer your specific question, I think the information was provided on time. However, for me, the other part of the equation is the quality of the information. Information provided was too complex and not easy to understand. We need to reply of the use of info graphics and social media as communication tool – actions need to be broken down and small businesses need to know who to go to. On idea would be to "parachute" in experts for short time periods to advice a business on their Brexit preparedness action plan. Even one day per business would be a help or an adviser could be share between two or more local business to enhance the efficiency of the process

8. Is the funding from the European Transition Fund sufficient to meet the needs of businesses across Wales? What impact has the fund had? Are you aware of any further plans for allocations from the fund?

I am not aware that it has had significant impact but the problem remains that businesses don't know what they are transitioning to yet – outcome and at all points of the spectrum.

I would be much keener to use the funds to parachure in Brexit experts in to businesses or groups of business to undertake a simple risk analysis and mitigation plan