Brexit

Is your business ready?

10

‘no regret’ actions SMEs should consider now if we leave the EU with no-deal

Department for Business, Energy & Industrial Strategy

Humber Business Growth Hub

Humber Local Enterprise Partnership

www.gov.uk/brexit
www.Humbergrowthhub.org

Ten 'no regret' actions businesses should consider now

1 - Plan to be flexible

Brexit is causing uncertainties in the political and economic landscapes that SMEs are trading in. Combined with this is the very real possibility that we could leave the EU without a negotiated deal.

It is now a priority that businesses use all the no-deal information that is available in order to assure themselves that are as prepared as possible.

One advantage an SME has is that it can be nimble and respond to change, sometimes more successfully than larger organisations. But good information and **responsive planning** is key at this stage.

Action: ensure there is someone responsible for monitoring Brexit at a senior level in your organisation, with access to professional advice and good sources of information.

2 - Reassure your customers

Your customers are also considering how Brexit will impact them and, if they are planning for possible scenarios, they will need to understand how your business will be affected by Brexit.

Your customers may be concerned that you will not be able to supply them in the same timely manner or that your prices will be affected. This should be the time to open a dialogue and show that you are preparing. There will be inevitable changes, but showing you are looking to remain competitive and are trying to mitigate risks, you may increase your customers' confidence in your business.

Action: Be open with your customers about your planning process and ask to be included in your customers' plans.

3 - Prepare for impacts on your staff

There has been a lot of discussion about the link between skills and immigration after the UK leaves the EU. This is something you may have to consider in relation to your future pool of employees.

You may have non-UK EU employees already in your business where there will be changes in their employment regulations. This group of employees may need assurance and information to help to keep them in post. The non-UK EU employees may choose to leave your business and possibly leave the UK, after we leave the EU. This could have an impact on your resourcing capabilities.

The UK Settlement Scheme for EU workers is now open and available to take registrations.

Action: Keep your non-UK EU employees full up-to-date, review your recruitment plan for risks brought about by Brexit and consider how your business will attract the right talent in the post-Brexit labour market.

Information can be found at : **EU Settlement Scheme Employer toolkit**
https://www.gov.uk/government/publications/eu-settlement-scheme-employer-toolkit

4 - Assess the risks in your supply chain

If there is a no-deal EU exit, there may be changes to tariffs on good entering the UK from the EU, there are going to be impacts on the speed of goods coming through the EU borders, changes in VAT, along with changes in the way your business will administer moving goods.

By understanding the routes your goods and components take to come into the UK, you should be able to assess the possible risks to your supply chain and start to consider contingency suppliers and review of stock levels.

Action: Consider an end-to-end review of your supply chains and where there are price or supply risks, consider alternative plans.

Information can be found at:
Get your business ready to import from the EU to the UK after Brexit
https://www.gov.uk/prepare-import-to-uk-after-brexit

5 - Review your contracts

Leaving the EU will mean that UK business contracts may no longer be subject to common EU law and imposing contractual conditions to non-UK EU businesses will change.

In addition, as the UK withdraws from the EU legal system, contracts that have been negotiated prior to the EU referendum may need reviewing. The impact of currency fluctuations and changes in import/export costs and times may now have a negative impact on the contracts your business has in place.

Action: Review the contracts you have in place, look to renegotiate any negative impacts and engage with your legal advisor to discuss any adjustments that may need to be made for future contracts.

6 - Review your current trade data

The default position for the UK to begin to trade in the event of a no-deal EU exit is under the World Trade Organisation (WTO) rules. In this scenario, an import declaration would be required along with customs formalities, customs duties to pay and checks which would be carried out when trading with the EU.

It is critical that your trade data is accurate to help with changes in border controls and your business has an Economic Operator Registration and Identification (EORI) number if you clear goods through UK customs or move goods in or out of the UK.

Action: Prepare and classify your trade data to ensure compliance with likely regulations.

Registering for an EORI number can be found at https://www.gov.uk/eori

7 - Build your ERP systems to capture the right trade data

When moving goods across EU borders after we leave the EU, the country of origin and value of goods data will be required, if there is no agreement around free trade. As a result, customs clearance declarations will more extensive and more information about the goods being moved will be required. Take time to scope out what additional data may be needed and adapt your Enterprise Resource Planning (ERP) system around the process changes.

Action: Design and capture additional data within your systems to speed up customs clearances once we leave the EU.

8 - Investigate existing government schemes

Businesses that have traded outside the EU are used to using government backed schemes such as 'Trusted Trader'. This is a scheme where logistics and freight forwarders have Authorised Economic Operator (AEO) status, allowing them priority at border controls, accelerated customs treatment and lower safety control compliance.

Other schemes include customs warehousing and inward processing.
If customs processes are more complex when we leave the EU, now may be the time to consider opting into or partnering onto these types of schemes, in order to make any revised customs process administration less of a burden to your business.

Action: Look at current initiatives like the 'Trusted Trader' scheme and warehousing and how your business can benefit, when moving goods in and out of the EU and consider registration or using a partner that has AEO status.

9 - Prepare for currency volatility

The months following the EU referendum saw significant currency volatility and Sterling (£) lost value. Historically, currency fluctuates when there is political and economic uncertainty. Whilst Sterling is lower in value against the Euro and Dollar, your exports may look more attractive to your overseas customers. But financial planning, when there are swings in currency values, can be difficult and making wrong estimates can be commercially damaging. There are finance products and options that can limit your risk, such as currency spot rates and forward contracts. Having pre-agreed exchange rates may add extra cost to your financial plan but may help to reduce your risk.

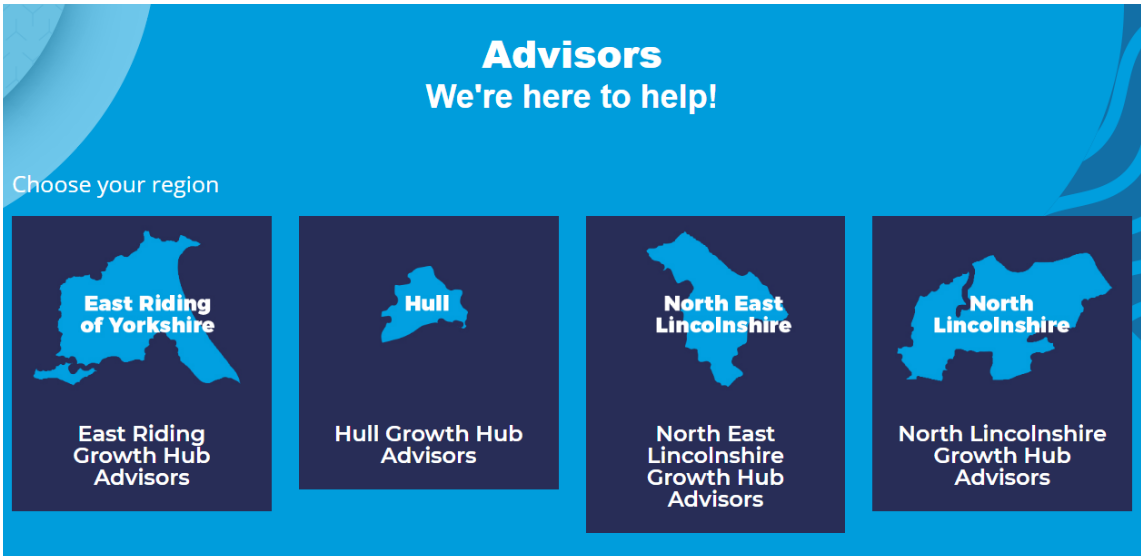
Action: Engage with your accountant, bank and finance advisors to look at products and processes to lower your exposure to currency exchange fluctuations.

10 - Engage with your key business partners

As well as your supply chain, there may be other third parties who play a crucial role in your business. Banks, insurers and systems providers can all have a critical impact on your business, especially where they are also adjusting to their own Brexit related challenges. This is a key time to share information, share best practice and invest in developments together. Scenario planning and deployment of plans as a network can help share any burden. When trading in a disrupted market, consider joint ventures and cooperative approaches when there is a chance to be stronger together.

Action: Speak to your advisors and suppliers about common goals and how to plan towards them together.

Disclaimer: The information provided is meant as a general guide only rather than advice or assurance. The Humber LEP does not guarantee the accuracy or completeness of this information and professional guidance should be sought on all aspects of business planning and responses to Brexit. Use of this guide and toolkit are entirely at the risk of the user. Any hyperlinks from this document are to external resources not connected to the Humber Growth Hub and the Humber LEP is not responsible for the content within any hyperlinked site.



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