

Mitie Supplier Communication

Brexit Planning

Mid February Update

Mitie has been working with the Government and private sector clients throughout Covid-19 crisis to keep the country working and will continue to do so as we go through the Brexit process. As suppliers to Mitie, you play a pivotal role in helping us to maintain these key services.

The UK's withdrawal from the European Union became law in the UK on 31 December 2020, which clarified several key points for Trade with the EU:

1. Customs Duties on all goods originating in the EU or UK are prohibited (Tariffs)
2. However, there are potential issues for products containing significant amounts of material that did not originate in the country of production, where Tariffs may be applicable. We are monitoring the situation as regards non-Tariff measures, which may require additional activities such as technical inspections and suggest that our suppliers do the same.
3. The Northern Ireland Protocol means exporting to NI from Great Britain has the same rules applied as if it were still part of the EU, so that goods can move freely across the border with the Republic of Ireland

Whilst we have not encountered any significant problems related to the above, we are monitoring that situation.

With regard to Brexit planning, there are three key areas where we expect our suppliers to be taking proactive action, listed below. We also expect any suppliers that encounter unexpected Brexit-related risks or delays to contact their normal Procurement contact immediately to discuss the implications.

Customs

We expect our key suppliers to have considered all import/export requirements for the movement of goods between Europe and the United Kingdom, and movements affected by the Northern Ireland Protocol, as applicable from 1st January 2021.

As part of that, suppliers should understand the need to have a valid EORI number (Economic Operator Registration and Identification), as that is required to create the Goods Movement References (GMR) that are used through the import/export process. Suppliers will need to understand what else is required and be sure to only use hauliers that are able to use the systems required for customs declarations and the Goods Vehicle Movement Service (GVMS). With regard to Northern Ireland, EORI numbers must be prefixed by XI to be valid.

Suppliers also may need to explore the use of Duty Deferment Accounts, Authorised Economic Operator (AEO) and other HMRC customs authorisations in order to fast-track customs clearance with reduced administration, which may make business sense for certain distributors and material/product importers.

The latest Government Guidance, with links to what needs to be done for imports, exports for Northern Ireland and other areas, can be found at <https://www.gov.uk/topic/business-tax/import-export>

Contingency planning

Initial feedback has been that many companies and hauliers have found the new Brexit customs arrangements difficult to get used to, with delays occurring as a result. That has been combined with the effects of Covid-19 on trade, such as containers or lorries being delayed or moved to other ports with the associated backlogs that result from that.

In Retail especially, some unexpected consequences of Brexit have caused problems, for example where products have high content from outside the country of origin triggering unexpected Tariffs. That can lead to delays as the importer and exporter settle any disputes on money owed, but also means that containers are not where planned for future use, leading to price increases for those needing available containers at short notice.

All of which means that we are expecting suppliers for any affected categories to be updating contingency plans on an ongoing basis and to notify Mitie of any significant risk to supply.

People and staffing

We expect suppliers to have made their staff aware of the EU Settlement Scheme as it applies to them in terms of claim for either Settled or Pre-Settled status.

Suppliers will also need to manage their recruitment activities according to new rules, if necessary obtaining the relevant sponsor licence from the Home Office to employ overseas workers. They will also need to understand any exceptions where there are skills shortages, or where the candidate has studied in the UK.

Reviews of Brexit Preparedness for key Mitie Suppliers

270 key suppliers to the merged Mitie business are being surveyed weekly via an online questionnaire to check current status and give early warning of any supply problems. If you are one of those suppliers contacted to take part, we require you to reply every week even where there is no change to status and appreciate your co-operation in this task

So far, a few suppliers have found problems in understanding and applying the new rules with regards to customs clearance and completing the required paperwork, which has led to delays. In some cases, this was due to the Government departments involved having issues with their new processes and IT systems, but that problem now appears to have been addressed. The additional checks now required for Northern Ireland have also surprised some companies and hauliers, but the general expectation is that all issues are manageable and that, over time, all involved will become familiar with the new rules and factor those into future lead times and planning.

For any suppliers not included in this group, but who feel that Brexit will impact upon their ability to provide products or services, we would urge them to contact their normal Procurement or Mitie contact as soon as possible to explain the situation and discuss potential mitigation activities.