Brexit update 8/10/19

With just over three weeks away before the October 31st deadline when the UK is due to exit the EU, we are writing to you to confirm that our final preparations are now in place, taking into account the possibility of a withdrawal with no deal.

We have put in place a number of steps to protect customers, as far as possible, from potential intermittent supply issues which are explained in the Preparing for Brexit guide which accompanies this communication. In addition I have outlined below further details about these plans.

**Product availability**

For ambient, frozen and long-life chilled products:

* we are completing our stock build of products identified from our comprehensive risk assessment as carrying potential availability risk
* we are also completing stock build of lead alternatives that we propose as potential substitute lines for products at risk
* we continue to bring forward our Christmas stock build to ensure that we limit exposure on key products should we exit on the 31st October
* we have secured two additional warehouse facilities that are now housing our additional contingency stocks
* we have worked closely with suppliers to ensure adequate levels of stock holding, and to advise them on new procedures and paperwork required for importing products
* we have successfully completed trials with EU and UK Customs representatives and our AEO accredited clearing agents to ensure we are ready to implement new import procedures and paperwork effectively
* the additional contingency stocks detailed above will provide us with up to 3 months’ cover but an average of between two and 6 weeks’ on the basis of current sales levels.

For short-life chilled and produce products we will seek to divert ports, if necessary and appropriate, to others that are already experienced in dealing with imports from around the world. In addition we are implementing the following plans:

**short-life chilled products** for example dairy products, deli ranges etc.

* we’ve increased stock holding of some chilled products where appropriate
* we’ve sourced UK alternatives where appropriate
* and have increased stock holding on alternative temperature-band products (e.g. frozen alternatives) where appropriate;

**longer life categories and UK sourced products** i.e. storable products with a shelf life of between two weeks and a months for example citrus products, root vegetables, apples, pears, melons, squashes-

* these products make up over 72% of our fresh produce range
* stocks of these lines are being increased ahead of Brexit;

**low risk perishable products** i.e. one to two weeks’ shelf life for example hard salad lines (peppers, cucumbers, tomatoes, hearty leaf products)-

* these products account for around 22% of our fresh produce range
* these products can be harvested a few days earlier to allow for delays at ports
* and adjustments can be made to maturity and ripeness as the season progresses taking into account growing conditions and transit times
* we have also successfully completed trials on extended-life packaging on some lines which can be implemented at a few days’ notice;

**perishable produce** i.e. with up to a week’s shelf life for example leaf products, herbs and some berries;

* these lines account for around 6% of our fresh produce range
* with perishable goods, it is not possible to build stocks on these lines, therefore should delays at ports extend beyond 48 hours, we will implement plans on a case by case basis- please contact your account manager to discuss alternative sources or alternative products for example frozen alternatives.

It is worth noting that we have already successfully implemented many of these plans in March 2019, during the period of industrial action at French ports for around four weeks, resulting in no interruption to deliveries to customers at the time.

**Customer support**

* We have put in place a team who are currently handling customer requests for information about our contingency plans and potential disruption on products that they buy from us.
* We have created a report that enables our account managers to provide an analysis of the top 50 products bought from Bidfood to help customers review and manage risks across the key products bought from us. The report flags any products and the associated risk levels (red/amber/green), and details relevant alternatives against those products, as well as products which the government have identified will see changes to duty levels.
* We are continuing to advise customers to take the following steps in their own Brexit planning:
* work with all your suppliers to understand the plans they have in place to reduce disruption in supplies of the products you buy, and alternative products that they suggest
* do consult them if you are considering building up any contingency stocks yourselves, if you are planning any menu changes in the next four months or if you are bringing in any new or seasonal lines
* if you buy nominated lines, make sure to contact these suppliers directly; whilst we will work with customers and assist them where possible in developing their own plans with nominated suppliers, or by suggesting product alternatives, unfortunately we cannot be responsible for maintaining the supply of nominated lines in the event of disruption.
* For further information we recommend you review the following excellent resources:
1. Government for the food and drink sector at [www.gov.uk/guidance/the-food-and-drink-sector-and-preparing-for-eu-exit](http://www.gov.uk/guidance/the-food-and-drink-sector-and-preparing-for-eu-exit)
2. Government flow charts for import, export and other Brexit related processes at [www.gov.uk/brexit](http://www.gov.uk/brexit)
3. Industry advice at [www.brexitfoodhub.co.uk](http://www.brexitfoodhub.co.uk).

Please be assured of our ongoing commitment to supporting our customers to minimise any potential disruption and maintain service excellence at the very highest levels.

Jim Gouldie- Supply Chain & Technical Services Director.