



Brexit:

the final countdown

'Deal or no deal' - and the funeral profession



The UK is set to leave the European Union on 29 March, whether there is a deal (withdrawal agreement) or no deal ('hard' Brexit). At the time of going to press (25 February 2019) much uncertainty remains around what exactly will happen on or after this date.

With just weeks to go and so little certainty about what happens next, it's understandable many businesses remain extremely concerned about the future. Such unpredictability also makes it harder to properly plan for life after 29 March – irrespective of the outcome.

For funeral directors, the core business of supporting bereaved families and caring for deceased people will, of course, continue unabated. However, servicing the arrangement of these funerals may well become more complicated, in both the short and long term, with key supply chains disrupted or under pressure and an absence of trading agreements directly affecting those funerals that cross borders from the UK into the EU.

Any optimism that the transition will be orderly has long since vanished and so, although some businesses firmly believe there will be no impact, making practical preparations for some level of disruption is now occupying the waking hours of many UK business owners. With just weeks to go before Brexit, *Funeral Director Monthly* looks again at the potential impact on the funeral profession - whether that be with a withdrawal agreement in place, or a no-deal

scenario - and offers guidance on what to think about ahead of 29 March 2019.

ARE YOU TALKING TO YOUR SUPPLIERS?

The funeral profession has close trading relationships, either directly or indirectly, with a wide variety of trusted EU27-based suppliers. Florists, coffin and casket manufacturers, memorial designers and many more. Make talking to your key suppliers your number one priority and find out what they are doing to ensure continuity of service and how they (and you) will cope in the event of disruption.

A key example for the funeral profession is floral tributes.

It is possible that there will be delays at the border as inspections take place (suppliers in Holland operated trials to prepare for this in January and February) and increased costs as WTO tariffs are added to flower and plant costs via the wholesaler (the minimum is 4%, the maximum 12%). There may also be extra charges for flowers on top of tariffs for the inspection process and delivery.

James Blackburn of Scotmid, which works with a large Interflora florists in Scotland,

says that they are making extensive plans for a variety of scenarios, including working closely with their wholesalers in Holland and exploring options for alternative UK based suppliers, which could not entirely fulfil their needs, but may provide some options in the event that supplies are extensively disrupted.

“Of all the things we've considered, floristry, as a perishable just-in-time product, has perhaps the greatest potential for disruption.” says James. “There is the potential for the perfect storm, with Mother's Day (30 March), which always places significant pressure on florists, falling the same weekend as Brexit. So we're preparing for a significant potential shortage of flower supplies.

“Nothing is off the table, including discussing options that we may find ourselves needing to present to families, if supplies are affected. It's important that we've worked through every option so that we are prepared, no matter what the outcome of negotiations.”

Funeral Director Monthly has spoken to a number of supplier members who have confirmed that they are taking prudent precautions to maintain continuity of supply should their supply chain, European or otherwise, be disrupted.

Julian Atkinson of JC Atkinson said: “One of the real threats is the delay of product deliveries caused by non-compliant paperwork for goods which are already in transit, with paperwork having to be re-assigned or amended to fall into the new and chosen regulatory regime.”

Julian went on to explain: “The current established practice is that Customs Authorities collect duties by declarations on paperwork directly from importers, exporters or specialist freight-forwarding companies. Borders and Customs Authorities already deal with duties from non-EU countries and operate under WTO rules, which is the ‘no-deal’ default and is already an established practice. However, post-Brexit, goods which may already be assigned might have to be amended and re-assigned and any dues or duties collected. In theory, this can be done without delay at the ports, as it is a paperwork exercise, but we do not yet know whether EU27 countries will cooperate, and this is what could cause the delays.”

The NAFD’s advice to members is to make sure you are having regular conversations with your key suppliers as to how they are managing their own supply chains – and satisfy yourself that adequate plans are in place to mitigate any interruption in supplies.

CAN YOU INCREASE THE AMOUNT OF STOCK YOU HOLD?

If you are able to, it may well be worth increasing the amount of stock you hold at your premises – particularly if you rely heavily on importing from EU countries directly, or have been advised by your UK suppliers that their supply chains may be affected.

Although difficult for some funeral firms with only small storage areas in their premises, this might include holding additional stocks of coffins, scatter tubes and other commonly-ordered items. We understand from a number of funeral firms, of all sizes, that they are working with their suppliers to increase the amount of stock they hold as much as possible, given the space restrictions they have.

Dignity reports that it has increased stocks of raw materials at its coffin factory in Driffield and is also “doing its utmost to maximise the stock of finished products in the interim,” says Regional Manager Gerry Boyle.

Jeremy Field, Managing Director of CPJ Field in Sussex and a Past President of the

NAFD, adds: “We are considering a wide range of outcomes in our Brexit planning. For example, we are in discussions with our coffin manufacturer, which has been increasing prices and storage capacity to ensure that going off the deep-end at the end of March shouldn’t result in a coffin shortage. However, some imported coffins, such as American style caskets, may well be affected if we don’t have a formal trade agreement with the US. Again, our suppliers are addressing this, as they are for other coffins imported from the EU or elsewhere in the world.”

Alison Crake, of Crake and Mallon in Teesside and Immediate Past President of the NAFD is also concerned about the impact of post-Brexit price rises.

“We are keeping an eye on developments and trying very hard to “separate the signal from the noise,” says Alison. “We will be making adjustments to the stock we hold (coffins, memorial keepsakes, mortuary products) and will likely increase this to provide a “cushion” should disruption be swift, but we have to be realistic about the practicalities of increasing stock significantly. An increase in stock levels may be useful if prices increase post Brexit (our suppliers state that this is a very real possibility), this would allow us to assess the situation before making any knee-jerk price increases ourselves. We would try to absorb any minimal increase, but we also have to be realistic about the impact for the business going forward.”

Although the NAFD is aware that many funeral firms are actively planning for Brexit, we know that others are yet to put plans in place. Our advice is: don’t wait until after Brexit to discover you can’t meet the needs of bereaved families. Put plans in place now. It is better to find you have over-prepared than under-prepared.

DO YOU UNDERSTAND HOW POTENTIAL REGULATION CHANGES COULD AFFECT YOUR BUSINESS?

Changes to regulation will happen as a result of Brexit – whatever the nature of the exit. However, the ongoing uncertainty

means that there is still no clarity as to the nature of these changes.

Minor amendments have already been made to the Government’s health and safety regulations in preparation for Brexit, although these relate mainly to removing references to the EU – there will be no changes to legal requirements and protections.

There are still lots of different scenarios that could play out once the UK leaves the EU, which makes it hard for the NAFD to provide concrete guidance to members at the time of writing. As soon as there is clarity, the Association will send a detailed guidance note to members. However, being alert to the fact that there will be changes in things like Government health and safety regulations and cross-border trade, will at least enable your business to think ahead to what the potential implications might be.

For the funeral sector, changes to cross-border trade may result in changes to how repatriations are undertaken, for example.

Rowland Brothers International has been operating since before the UK joined the EU, so is well versed in adapting to changing regulations. Says Managing Director Steve Rowland: “During 45 years of EU membership, we never lost sight of the fact that rules and regulations can, will and do change. A flexible approach ensures the funeral profession can embrace any variations and adjust processes quickly to comply with any new requirements which may come into force.

“As yet, we don’t know for sure how Brexit will affect any business, but we can speculate that the most likely areas in funeral repatriation are customs and security procedures and Value Added Tax. VAT varies from one country to another in the EU. Rates and existing invoicing arrangements could change and, as a result, total repatriation charges could be affected. The big question around VAT is if it would need to be paid in the originating country, thus increasing costs.

“Protocols for the repatriation of mortal remains vary from one country to another throughout the EU and, if we exit, any

movement towards a standard protocol across all countries seems unlikely. Additional time at the airport can be built in, and continuity of service is vital if any changes are enforced, so we need to be ready to implement any new requirements across the business, adapting to the post-Brexit situation in terms of airport protocol, flights, customs or paperwork.

“Change may be unwelcome but can be good! We’re ready to absorb any new protocol which affects any part of repatriation to or from the EU, with minimal disruption and maximum reassurance.”

TAKE A PROACTIVE APPROACH

Planning for post-Brexit Britain is something of a voyage into the unknown at present. Hopefully, in the coming weeks, the situation will become clearer and, by the time you read this, there might be a deal and we might already have issued guidance

to help you prepare. Alternatively, we might still be waiting.

One thing is certain. Change is coming and taking a proactive approach to thinking through the different ways Brexit could affect your business is the only way to prepare.

Don’t restrict your thinking to specialist funeral supplies, think about the everyday needs of your business too. Do you have EU citizens working for you? If so, are you supporting them in understanding any implications for their status post-Brexit? Have you considered the impact on your funeral fleet if there are temporary shortages at the fuel pumps? There doesn’t even need to be a genuine shortage for problems to occur as people, panicking as a result of media scare stories, rush off and fill cars and cans – causing a needless drain on supplies. What is more likely, however, is that a no-deal Brexit – with its ensuing uncertainty - could result in an increase

in fuel prices, after several months of reductions in the cost of both petrol and diesel. All of these potential issues need to be factored into your business planning.

Adds Jeremy Field: “As well as thinking through direct impacts on our supplies, such as coffins, coffin linings, embalming fluid, floristry and the needs of Homeland International, our repatriation service, we have also had discussions about how we would handle an uplift in demand should any medical shortages result in an increase in the number of excess deaths. The Secretary of State for Health was clear, when I spoke to him, that he’s made arrangements to charter planes to fly in supplies should that prove necessary.”

As well as keeping up to date with the latest news from Parliament, keep your eye on guidance issued by the NAFD, which we will send as soon we have it, which will help to provide clarity to your own plans.

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