

Brexit Committee

Thursday, 11th February, 2021

MEETING OF BREXIT COMMITTEE HELD REMOTELY VIA MICROSOFT TEAMS

Members present: Councillor Flynn (Chairperson); and Aldermen Haire and Sandford; and Councillors Baker, Brooks, Canavan, de Faoite, Ferguson, Gormley, Kyle, Long, Magennis, McLaughlin, McMullan, Newton, Spratt and Walsh.

In attendance: Mrs. S. Wylie, Chief Executive;
Mr. J. Walsh, City Solicitor;
Mr. J. Greer, Director of Economic Development;
Mrs. S. Toland, Director of City Services;
Ms. K. Walsh, Business Research and Development Manager;
Mrs. C. Sullivan, Policy and Business Development Officer;
Mr. S. Leonard, Neighbourhood Services Manager;
Mr. R. Connelly, Policy, Research and Compliance Officer;
Ms. E. McGoldrick, Democratic Services Officer; and
Ms. C. Donnelly, Democratic Services Officer.

Apologies

Apologies for inability to attend the meeting were reported from Alderman Rodgers and Councillors Harvey and Whyte.

Minutes

The minutes of the meeting of 14th January were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 1st February.

Declarations of Interest

No declarations of interest were recorded.

Presentations

SEUPB - Ms. G. McIntyre and Mr. D. McGarrigle

The Chairperson welcomed Ms. G. McIntyre and Mr. D. McGarrigle from the Special EU Programmes Body, (SEUPB) to the meeting.

Ms. McIntyre thanked the Committee for inviting representation from SEUPB to discuss the proposed consultation process for the PEACE PLUS programme. She informed the Members that the programme objective was to contribute to a more prosperous and stable society in Northern Ireland and the Border Region of Ireland, and that it would leave a lasting legacy. She stated that the programme would achieve this by funding activities that promoted peace and reconciliation, and contribute to the cross-border economic and territorial development of the programme area, and that the PEACE PLUS programme would build upon the previous PEACE and INTERREG programmes.

She reported that SEUPB was engaging with government departments in Northern Ireland and the Republic of Ireland based on their Joint North South Position Papers and engaging with the European Commission with regard to progress and technical areas in the programme.

Ms. McIntyre outlined the following thematic areas of the programme to the Committee:

- Building peaceful and thriving communities;
- Delivering economic regeneration and transformation;
- Empowering and investing in our young people;
- Healthy and inclusive communities;
- Supporting a sustainable future;
- Building and embedding partnership and collaboration.

Ms. McIntyre added that she wanted to involve smaller community organisations, which would not have had the financial capacity to get involved in the previous PEACE programmes.

Mr. McGarrigle referred to the local authority co-designed community plans and highlighted that the programme would be centred on community regeneration and transformation to build thriving and peaceful communities, and to celebrate culture, diversity and inclusion. He added that SEUPB would be working with local authorities to produce the PEACE PLUS action plans to prepare for the programme opening.

Ms. McIntyre outlined to the Members the consultation process and the subsequent steps required to deliver the programme.

In response to a Member's question, Ms. McIntyre confirmed that the PEACE PLUS action plans would be co-designed with input from both the community and voluntary sectors and that a letter would be issued to Councils across Northern Ireland to request that support is put in place to have the action plans ready by then end of 2021.

A further number of Members sought clarity in relation to timescales leading up to the release of funding.

Following further discussion, the Committee thanked Ms. G. McIntyre and Mr. D. McGarrigle for their presentation and they retired from the meeting.

Queen's University Belfast - Mr. D. Phinnemore

The Chairperson welcomed Professor D. Phinnemore, Professor of European Politics at Queen's University Belfast, to the meeting.

Professor Phinnemore provided the Committee with an overview of the post transition EU UK relationship and Northern Ireland's position within it so far.

He advised the Committee that on 1st January, 2021, the UK had exited the transition period and was no longer in the EU customs union and single market, and no longer participating in the EU cooperation arrangements. He explained that the EU UK relationship was governed by a trade and cooperation agreement which was being provisionally enforced and that the protocol on Ireland and Northern Ireland annex to the withdrawal agreement had entered fully into force.

He informed the Committee that, in December 2024, MLAs would hold a democratic consent vote on the continued applications of Articles 5-10 of the Protocol and if the outcome of the vote was no consent, then Articles 5-10 would cease to apply after a period of two years. He added that the protocol did not cover the totality of arrangements which a member country of the EU was subjected to, such as the free movement of services or labour.

He outlined the terms of the UK EU Trade and Cooperation Agreement and the joint statement by the European Commission Vice-President and the UK Chancellor of 3rd February, 2021, which referred to their full commitment to the Good Friday (Belfast) Agreement and to the proper implementation of the Protocol.

Following several questions from Members of the Committee, Mr. Phinnemore provided clarification on the following areas:

- Regulatory alignment and divergence;
- Extension of grace periods;
- Article 16; and
- The Special Committee of Ireland/Northern Ireland.

Following further discussion, the Chairperson thanked Professor Phinnemore for his presentation and he retired from the meeting.

Restricted Items

The information contained in the discussion and presentation associated with the following item is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

Resolved – That the Committee agrees to exclude the Members of the Press and public from the Committee meeting during discussion on the following item as, due to its nature, there would be a disclosure of exempt information as described in Section 42(4) and Section 6 of the Local Government Act (Northern Ireland) 2014.

Port Health Unit Update

The Chief Executive, City Solicitor and Director of City Services presented the Committee with an update on the Port Health Unit.

The Committee noted the update.

Brexit Services Review

The Policy and Business Development Officer informed the Committee that a review had been undertaken with services which had completed the Brexit readiness templates in order to identify any issues that had arisen since the end of the transition period, and to seek assurances that these were now being dealt with through business as usual processes. .

She advised the Committee that the majority of services had not identified any issues and the main areas of concern were around the availability of supplies, delays in obtaining supplies and price increases.

She added that services had been liaising with suppliers and monitoring prices and that any issues would be dealt with through the relevant Council processes and that further updates would be presented to future meetings of the Brexit Committee.

The Committee noted the update.

Support for Business

The Director of Economic Development presented the Committee with an update in respect of the following report:

“1.0 Purpose of Report or Summary of main Issues

At the meeting of the Brexit Committee in January 2021, members received an update on support provided to help local businesses overcome challenges and help them address impact of UK exit from EU. The purpose of this report is to update members on the impact faced by Belfast businesses in a constantly changing environment and provides an update on the current project status and outline future delivery plans.

2.0 Recommendations

The Committee is asked to note the work undertaken to date by the Enterprise and Business Growth Unit to deliver support to enable businesses to overcome Brexit challenges.

3.0 Main report

Key Issues

Members will be aware that, the Enterprise and Business Growth team are updating evidence-based analysis to determine what impact EU Exit is having on Belfast businesses. Data and insights from this analysis helps identify if support is required, assess gaps in provision and if appropriate, design support to meet local business needs in a timely manner.

This analysis builds on earlier work undertaken at the end of 2020 and is based on discussions with professionals supporting Small to Medium Sized Enterprises (SMEs) that are navigating their way through EU Exit. Main issues include the following:

- Prior to the Deal, the biggest concerns were among businesses that exported to the EU, particularly RoI. There was a wide range of issues highlighted reflecting the complexities of the new arrangements and the fact that few businesses have adjusted. Now most issues and confusion are around the operation of the NI Protocol and specifically the import of goods from GB.
- Where emphasis had been on challenges for exporters, the NI Protocol means there are new paperwork requirements when moving goods from the rest of the UK into or out of Northern Ireland. This impacts on a larger number of small businesses that purchase from the rest of the UK.
- With the EU Exit agreement only finalised a few days before it was implemented, both GB and NI businesses had very little time to prepare for new procedures and set up new processes. This has caused considerable friction with uncertainties around what is required and who is responsible for providing it.
- It is likely that as businesses and the economy recover from lockdown, and as stockpiles are used up, there will be an increasing number of businesses that have to adapt to the new arrangements. Many that have been shut owing to lockdown measures arising from COVID are likely to be unprepared. At this stage, the volume of goods brought across the Irish Sea is estimated to be around half the level prior to the pandemic.

- There are some smaller businesses, especially microbusinesses, that do not understand what they have to do and have never been importers before.
- There is a mix of short and long-term issues. For example, there are significant logistics issues that businesses are facing immediately in organising the right paperwork, but longer-term issues around how supply chains may be affected and how transport routes may change.
- Despite these challenges, Northern Ireland's status of being in both the UK and the EU single market for goods, is a particular opportunity for manufacturers and in attracting foreign investment. These opportunities will not be immediately clear to foreign multinationals from outside Europe and there is an important role for all the agencies in NI to raise awareness as these opportunities will not be immediately clear to foreign multinationals.

This analysis contains a number of detailed themes illustrating how SMEs are impacted and this intelligence has informed support requirements. A summary of the main issues includes the following:

- The impact on SME businesses in the wholesale and retail trade is greater.
- There is still a misunderstanding of what a grace period is and a body of education needs to be carried out, especially at a microbusiness level. Education is required to raise awareness on changes to paperwork, procedures and logistics. The need to provide new information on these areas will be required to continue for some time yet.
- There are issues around who is responsible for completing the paperwork – supplier or customer – and what documents need to go with goods.
- For SMEs, there is concern and uncertainty about whether they are 'doing the right thing' and what the paperwork should look like for "at risk" goods.

- There are impacts on businesses' cash flows, the treatment of VAT payments and new costs associated with much of this, the time required, getting advice, additional haulage costs, new markings, delayed supplies etc. It may be necessary for SMEs to find new suppliers and this will require new credit term agreements.
- Manufactured goods produced in NI may require dual certification.
- There have been cases of goods being delayed because customs are considering NI as outside the EU and are unaware of the Protocol. For example, where NI businesses have transported goods between EU countries.
- Visas and recognition of qualifications has been less of an issue more recently

Using this analysis, four areas for support identified are:

- Provisions of mentoring and advice to individual businesses (one-to-one) to prepare action plans. In many cases, businesses need one-off advice; help to walk through new processes, so they are empowered to do this themselves in future. Evidence from consultations showed there was a wide range of cases and problems requiring unique solutions. This approach will ensure the council's support is responsive and agile. Retail and Wholesale sector will be targeted, although support will be open to all sectors. Mentoring support was launched on 28 January via social media, business networks and via direct contact with businesses. Four businesses have enrolled for support and marketing will continue to ensure that businesses are supported. Members will be aware that there are a range of other organisations who are currently providing support to businesses in relation to EU Exit. Officers will continue to work with these organisations to ensure content aligns, adds value to what is already in place and businesses are signposted to relevant support to meet their needs.
- Provision of support (two webinars will be held in March. Protocol and the customs themes processes but will be led by business need and additional marketing undertaken to reach clients) to raise

awareness of the new procedures for small and micro-businesses that import from GB. Requirements through the Protocol and the customs processes are likely to affect many more businesses and many businesses are still unaware because they are in lockdown.

- Raising awareness of the Protocol in GB and in the EU. The consultations highlight the problems with GB suppliers but also cases where EU suppliers or customers are not aware of NI's status.

There is an important role for all the government organisations in NI to raise awareness of NI's status in both the UK and the EU single market for goods and use it to attract investment. (For example, manufacturers and in attracting foreign investment). Therefore we will be working closely with organisations such as Invest NI, Intertrade Ireland, Belfast Chamber, FSB to name a few to ensure that businesses are aware of the supports available and can access them in a timely manner.

An update on progress will be presented at a future committee meeting.

4.0 Financial and Resource Implications

All activities outlined within this report will be resourced from the 2020/21 Economic Development budgets agreed by the City Growth and Regeneration Committee on 4 March 2020.

5.0 Equality or Good Relations Implications/ Rural Needs Assessment

The proposed project referenced in this report is informed by statistical research, stakeholder engagement and complementary policies and strategies. The unit is currently undertaking a process of equality screening on the overall work programme, this will ensure consideration is given to equality and good relation impacts throughout the delivery of this project.”

The Committee noted the content of the report.

Chairperson