



Subject:	Brexit Business Support Update
Date:	11 February 2021
Reporting Officer:	John Greer, Director of Economic Development
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<b>Restricted Reports</b>	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	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.
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked to: <ul style="list-style-type: none"><li>Note the work undertaken to date by the Enterprise and Business Growth Unit to deliver support to enable businesses to overcome Brexit challenges.</li></ul>

<b>3.0</b>	<b>Main report</b>
3.1	<p>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.</p>
3.2	<p>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:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- There are some smaller businesses, especially microbusinesses, that do not understand what they have to do and have never been importers before.</li> <li>- 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</li> </ul>

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.

3.3

This analysis contains a number of detailed themes in Appendix One, 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

3.4

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.

3.5

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.

3.6

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

3.7

#### Financial & 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.

3.8

#### 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.

<b>4.0</b>	<b>Appendices</b>
	Appendix One – summary of the main issues raised in discussions with experts that have been working with SMEs through EU Exit.