

Committee for the Executive Office: Brexit Stakeholder Event - 4th November 2020

Belfast City Council Briefing Paper on EU Exit – impact and preparedness

Background

Belfast City Council is the largest Council in Northern Ireland with 2,700 staff and with a responsibility for providing services to the 333,000 people who live in the city. With the buy in of Belfast's key stakeholders the Council agreed a shared vision and created long-term ambitions for the city which include job creation, inward investment, and investment in neighbourhoods and skills. This includes targets to create 46,000 new jobs and attract 66,000 more city dwellers and to achieve over £1bn of real estate investment.

The Council will be represented at this event by Cllr Anthony Flynn, Chair of the Council's Brexit Committee and John Walsh, City Solicitor and Director of Legal & Civic Services.

This briefing paper outlines the key issues that Belfast City Council has identified that may arise, as a result of the UK's exit from the EU. We have identified issues that potentially affect the city as a whole and others that may affect the Council's ability to deliver its services.

Key Issues

Belfast City Council is focused on three key areas:

- Ensuring minimum disruption to critical Council services.
- Supporting businesses, jobs and the local economy.
- Supporting vulnerable people.

Belfast City Council Preparation to ensure minimum disruption to Critical Services

- The Council's Brexit Committee was established in August 2018 and is responsible for researching, monitoring and reviewing the financial, resource or operational impact upon the Council and the district as a result of the UK's leaving the European Union and for making recommendations to Council on such issues (or to the relevant Standing Committee where appropriate). Council's Brexit Committee is providing overall scrutiny of this work and is hearing from relevant experts on all aspects of Brexit.
- Day 1 Preparedness is a standing item on the monthly Brexit Committee.
- The Council has been working in collaboration with other NI councils through NILGA/SOLACE to ensure strategic joined up approach.
- Brexit is identified as a key risk on corporate risk register. Business continuity management processes are being utilised to assess readiness of critical Council services and other key services in the event of a 'no trade deal' scenario.
- It has been identified that a key issue for BCC is the potential for increased inspection of foods/products coming in via Belfast Port. DAERA is the lead Dept and is taking forward a regional approach. The council is working very closely with DAERA, Food Standards Agency, the Harbour and other Government Depts., to ensure the necessary resources and infrastructure in place.

Supporting businesses, jobs and the local economy

- While the forecasts for the potential impact of Brexit on NI vary, they all seem to agree that it will be significantly less than the impact on the economy caused by Covid 19. Consequently, our Covid recovery plans take precedent and Brexit will become a sub-set of those efforts.

- We continue to work with partners and other key stakeholders in the city to identify potential issues for business and the support that can be provided to mitigate those.
- Potentially the biggest impact will come from additional import procedures (such as customs declarations) for goods entering from Great Britain. Although it is not yet possible to calculate exactly how much these will cost, one estimate suggests that supermarkets could end up paying thousands of pounds extra for each truck delivering British food products. Given that nearly one-third of the goods sold in Northern Ireland (and two-thirds of the region's external purchases) originate from Great Britain, the impact on consumer prices could be considerable.
- Uncertainty also has a negative impact on investment. While Northern Ireland has been relatively successful in attracting foreign direct investment (FDI), seen as a key driver of growth and jobs, an October 2019 report commissioned by the Northern Ireland Department for the Economy estimates that Brexit has cost the region around 1000 FDI-related jobs since 2016.
- Brexit is also likely to affect labour migration to Northern Ireland, which currently relies heavily on workers from outside the region. Many are migrants from the European Economic Area (i.e. the EU, plus Norway, Iceland and Liechtenstein).
- Belfast is significantly reliant on the visitor economy. One key sub-sector is business tourism. The Council has recognised this through its £29million investment in ICC Belfast. The events industry (pre-COVID) reported ongoing challenges as a result of the uncertainty created by the Brexit decision. Given that events are generally planned at least three-four years ahead, they reported that event organisers were concerned at the lack of certainty as to what it would mean to have an event in a UK city and, as a result, they lost out on business that had previously looked likely to come to the city. The visitor economy sustains around 18,000 jobs in Belfast and any developments that put this in jeopardy will have a significant impact on the local economy

Vulnerable People

While it is uncertain what the impact of Brexit may be Belfast City Council is conscious there could be significant impact on vulnerable people within our communities. Measures to provide support include:

- Working in partnership with DfC and community partners to support communities. Model successfully tested in Covid 19 crisis ie development of a Community Hub and local area approach - food distribution and support during initial stages of Covid 19 crisis.
- Council's financial support for generalist advice sector and tribunal service in Belfast
- Council's funding of the third sector and community grant funding for the sector to support communities
- Signposting people (especially EU citizens) to advice services and support that already exists eg sessions on Home Office EU Settlement Scheme was held in city hall with community partners.

EU funding

The ending of EU funding has been identified by the Council's Brexit Committee as a key issue:

- For 2014-2020, Northern Ireland was allocated €3,533 million from EU Structural Funds and the common agricultural policy (CAP). As of February 2020, a further €82 million had been paid out for scientific research from Horizon 2020. Altogether, **EU funding for the region is estimated at around £600 million (€710 million) a year.** With the Northern Irish economy valued at £44 billion in 2016, this represents **around 1.4 % of the region's GDP.** Under the EU-UK Withdrawal Agreement, the UK has committed to completing projects

supported by EU programmes for 2014-2020. This means that Brexit will not affect EU projects agreed by the end of 2020.

- However, no such guarantees exist for the post-2020 period. The UK Government Shared Prosperity Fund may fill some of the gap but it is not yet known what the level of funding will be or how it will be administered and allocated.