

Brexit Committee

Thursday, 21st March, 2019

MEETING OF BREXIT COMMITTEE

Members present: Councillor Walsh (Chairperson);
Aldermen Kingston, McGimpsey and Spence;
Councillors Beattie, Campbell, Canavan,
Carson, Dorrian, Dudgeon, Hutchinson, Lyons, McAteer,
O'Hara and Pankhurst.

In attendance: Mr. N. Grimshaw, Strategic Director of City and
Neighbourhood Services;
Ms. G. Long, Commissioner for Resilience;
Ms. K. Walsh, Business, Research and Development
Manager;
Mrs. C. Sullivan, Business, Research and Development
Officer; and
Miss C. Donnelly, Democratic Services Officer.

Apologies

Apologies for inability to attend were reported from Councillors Attwood and Reynolds.

Minutes

The minutes of the meeting of 14th February were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 4th March.

Declarations of Interest

No declarations of interest were recorded.

Presentations

Federation of Small Businesses – Making Northern Ireland an Enhanced Economic Zone

The Chairperson welcomed to the meeting a deputation from the Federation of Small Businesses, Mr. D. Donnelly and Mr. N. Hutcheson.

Mr. Donnelly informed the Committee that the Federation of Small Businesses (FSB) was the largest business organisation in Northern Ireland with 6000 members, and that each member was a business owner. He explained that the Small and Medium Sized Enterprise (SME) sector was crucial to the Northern Ireland economy as it employed more people than all other larger sized businesses and the entire public sector combined, and accounted for 75 percent of private sector turnover.

Mr. Donnelly pointed out to the Committee that the Federation of Small Businesses had surveyed its members and found that the EU single market was still the priority market in Northern Ireland. He added that one in five SMEs employed someone from elsewhere in the EU and continued access to that labour was essential for driving growth.

He informed the Members that the Northern Ireland FSB wanted to find out what business owners were thinking with regards to Brexit and had subsequently held a series of focus groups in 2018. He reported that the focus groups had highlighted the possibility of a Free Port and Northern Ireland becoming an entrepreneurial centre of excellence and trade. He added that the FSB had reviewed numerous models of Free Ports, Free Trade Zones, Industrial Zones and other systems to find elements to give shape to a proposal that could be transformative for Northern Ireland.

The Members were provided with a copy of the FSB's proposal, Making Northern Ireland an Enhanced Economic Zone, and Mr. Donnelly explained that it would allow trade that was routed through it to be conducted tariff-free, regardless of the exact nature of the UK-EU future relationship.

He further explained that FSB wanted to create a more prosperous society for everyone, that the social issues within Belfast and Northern Ireland, such as economic inactivity, poor mental health and suicide, needed to be addressed, and that economic prosperity could mitigate some of the aforementioned issues.

After discussion, the Committee noted the presentation and the Chairperson thanked Mr. Donnelly and Mr. Hutcheson from the Federation of Small Businesses for their presentation.

Day 1 Preparedness Update

(Mr. D. Connolly, Environmental Health Manager, attended in connection with this item)

The Committee considered the following report:

“1.0 Purpose of Report or Summary of Main Issues

The purpose of this report is to outline for Members work that is currently being undertaken in relation to the Council's Brexit Day 1 preparedness.

2.0 Recommendations

Members are asked to note this update.

3.0 Main report

Key Issues

Members are reminded that that the Committee was updated at its February meeting on the work that is ongoing in relational to identifying potential Day 1 service implications in relation to Brexit. Members will be aware that there is currently uncertainty around whether there will be a deal/type of deal and timings around exit, therefore Officers are currently preparing for a 'no deal' scenario and the following actions are being undertaken:

- 1) The Council's critical services are completing Brexit Resilience Measures templates to identify the potential impact that Brexit may have on service delivery over the 8-week period from 19 March to 10 May and the necessary resilience measures that need to be taken before 29 March.
- 2) Responsible officers are reviewing and updating their Business Continuity Plan ensuring that it deals with service delivery post Brexit, and are communicating it to staff before 29 March.

Members were also advised that from 19 March emergency planning staff will provide situational reporting and daily position statements to the Council's senior management team on critical services. A process for internal situational reporting has now been developed, critical services will be asked to email the report to the Emergency Co-ordination Centre (ECC) email address each morning in order to allow Emergency Planning to collate the information and escalate any emerging issues. Collated information will be sent to the reporting points on a daily basis and where appropriate forwarded to Chief Officers, Heads of Services, Corporate Communications and Elected Members.

Officers are also working with relevant partners in relation to external situational reporting and will report on a daily basis into a central command hub, when this has been confirmed it will be added into the internal reporting process.

Members are advised that SOLACE have developed a risk register that consists of 16 main council level risks that need to be considered in light of Brexit. Each risk has an associated outline action plan for councils to consider in preparing for the risk. The risk register also deals with possible impacts post Day 1 and to the wider Council area and not just the organisation. Officers are currently working on completing the risk register and continue to participate in SOLACE's Brexit Task and Finish Group.

Members are also advised that relevant officers continue to meet and work with DEARA regarding export certification to ensure that all relevant processes and procedures will be in place prior to Brexit.

4.0 Financial and Resource Implications

There are no financial implications relating to this report but the work that is being undertaken to further define potential day 1 impacts, risks and mitigations may have financial and resource implications and these will be reported to Members as required. It is likely that there will be direct costs associated with preparing for Brexit e.g. in relation to civil contingency planning, and where possible these will be claimed back from central government.

Members should note that the Council has not included an increase in its recurrent budgets because of the uncertainty, however, if one-off costs are to be incurred these will be financed through Council's general reserves

5.0 Equality or Good Relations Implications/ Rural Needs Assessment

There are no implications relating to this report.”

In response to a number of questions from the Committee, the Environmental Health Manager explained that, with regards to speculation of food shortages, food resilience work was ongoing with other organisations with whom primary responsibilities lie and it was envisaged that there may be shortages of particular items, but at this stage it was anticipated that there would not be a food crisis.

Following further discussion, the Committee noted the contents of the report.

EU Settlement Scheme Information - Update

The Members were reminded that, at its meeting on 6th December, 2018, it was agreed that Belfast City Council would facilitate an information day in the City Hall to provide advice and guidance on the EU Settlement Scheme to EU citizens who reside in Belfast, and that officers would work with the Migrant Forum to support communication with those affected by the scheme.

The Business, Research and Development Officer reported that officers had attended a meeting of the Migrant Forum to ascertain its views on how to provide a useful information session that met the needs of those who might seek to make an application through the EU Settlement Scheme.

She informed the Committee that officers would continue to liaise with the Migrant Forum and the Executive Office to organise the information session and disseminate information with regards to the EU Settlement Scheme.

The Committee noted the report.

New Structures Established as part of the UK Withdrawal and Next Phase of Negotiations

The Committee considered the following report:

“1.0 Purpose of Report or Summary of main Issues

At a workshop in February focused on medium term scenario planning, the Brexit Committee agreed to consider a short paper to enable it to take account of the potential implications of the next phase of negotiations between the UK government and the EU. This paper outlines key relevant aspects of the so-called ‘Political Declaration’, gives further information on key milestones in a future negotiation and makes some recommendations for actions by the Brexit Committee.

2.0 Recommendations

It is proposed that:

- Early engagement is made, through the Brexit Committee Chair and the Chief Executive with The Executive Office to understand how the new institutional arrangements (i.e. the Joint Committee of the UK and EU) will operate, and in particular how the ‘Joint Consultative Working Group on Northern Ireland’ will operate.
- That the Brexit Committee sets out its priorities for engagement with future institutional structures, and importantly, the issues Belfast City Council would seek to secure in a future relationship agreement between the UK and the EU. The Brexit Committee should set aside time in April and May to consider these priorities.

3.0 Main report

Key Issues

At the time of writing, parliamentary passage of the Withdrawal Agreement Bill is by no means certain. However, assuming it is passed through parliament, and the UK leaves the EU (either on the 29th March or with a technical extension), then the UK will commence the next stage of formal negotiations to exit the EU.

The starting point for negotiations is the ‘Political Declaration on the Framework for UK-EU Negotiations’, which was endorsed by EU leaders on the 25th November 2018. It is important to note that the Political Declaration (PD) is not a binding legal document and it is unlikely that it will bind the parties to anything beyond a commitment to negotiate for a future relationship in good faith.

1. Part One sets out the basis of cooperation between the UK and EU

- ‘based on the shared EU and UK values and principles such as respect for human rights, democracy, the rule of law, working together globally, and the non-proliferation of nuclear weapons’.
- It includes the UK’s commitment to respect “the framework” of the European Convention on Human Rights
- It includes a mutual commitment to “ensuring a high level of personal data protection” to facilitate data flows, and an EU intention to start work on adequacy decisions on the UK’s data framework “as soon as possible” after Brexit, “endeavouring” to adopt decisions by the end of 2020
- It includes an intention that the UK will seek and the EU will grant, where legally possible and with a UK financial contribution, UK participation in EU programmes in areas such as science and innovation, youth, culture and education, overseas development, external action, defence capabilities, civil protection and space

2. Part Two sets out the terms of a future economic partnership

- It calls on the UK and EU to agree an ambitious, wide-ranging future economic partnership
- The future relationship will encompass a free trade area and cooperation in particular sectors where this is in the parties’ mutual interest.
- The economic partnership will cover trade in goods, trade in services and investment, and a number of sectors including financial services, digital, transport, energy and fishing. There are also sections on movement of people and on procurement.

- On trade in goods: The PD refers to a trading relationship which is “as close as possible”. The economic partnership should maintain the current situation of no tariffs or quotas on trade in goods between the UK and EU. Customs arrangements should “build and improve on” the single customs territory set out in the Withdrawal Agreement. At the same time, the PD refers to the UK having an independent trade policy.
- On Trade in Services the PD leaves the settlement of trade in services and investment open for future EU-UK negotiations.
- It builds on the premise that the UK leaves the single market for services and pursues regulatory autonomy.
- On services and investment, the UK and the EU have an ambition to go well beyond the current commitments under the World Trade Organization (WTO) and existing free trade agreements (FTAs)
- The PD recognises the interdependence of financial services across boundaries and the common interest in honest and sound markets and fair competition within them. To that end it highlights the need for continuing close cooperation between different regulators and regimes.
- The future basis of cooperation will be ‘equivalence’ which is different, and less extensive, than the current system of passported services.

3. Part Three deals with Security Partnership

- The future relationship will cover arrangements across three areas: (1) data exchange; (2) operational cooperation between law enforcement authorities and (3) judicial cooperation in criminal matters; and anti-money laundering and counter terrorism financing.
- There will be arrangements for exchanges of Passenger Name Record (PNR) data, DNA, fingerprints and vehicle registration data (Prüm) and extradition arrangements; data-sharing arrangements for wanted and missing persons, exchange of criminal records and cooperation between the UK and Europol and Eurojust.

4. Part Four deals with institutional Arrangements

- An overarching institutional framework will be underpinned by mechanisms for dialogue and arrangements for setting the direction and implementing the future relationship. Dispute resolution will be based on the dispute resolution mechanism in the Withdrawal Agreement.

5. Part Five deals with the process to be taken forward following the Withdrawal Agreement

- Once the WA is concluded and before the UK leaves the EU, preparatory work will begin for the formal negotiations on the future relationship.
- The priority will be to find alternative, permanent arrangements for ensuring there is no hard border between Northern Ireland and Ireland.
- Negotiations to conclude (ratify) the legal agreement(s) will begin as soon as the UK is a third country (30 March 2019) and both parties have committed to “best endeavours” to ensure the future relationship enters into force by the end of the transition period.
- Before withdrawal between the approval of the PD and the UK’s exit from the EU, both parties will engage in preparatory organisational work in order to enable formal negotiations on the future partnership to commence rapidly.
- After withdrawal a procedure for EU negotiation of agreements with third countries is set out. After formal negotiations are launched the UK and EU will negotiate in parallel agreements on the future relationship.
- Review: The UK and EU will convene a high-level conference every six months after the UK’s departure “to take stock of progress and agree, as far as is possible between them, actions to move forward”.

4.0 Proposals for engagement in next phase of negotiations

As set out above, the next phase of negotiations will determine the UK’s future relationship with the EU. It is advisable therefore that Belfast City Council thinks strategically about its future relationship with the EU, and how it might seek to ensure that the city’s priorities, as set out in Belfast Agenda, are protected as part of future negotiations.

It is proposed therefore that:

- Early engagement is made, through the Brexit Committee Chair and the Chief Executive with The Executive Office to understand how the new institutional arrangements (i.e. the Joint Committee of the UK and EU) will operate, and in particular how the 'Joint Consultative Working Group on Northern Ireland' will operate.
- That the Brexit Committee sets out its priorities for engagement with future institutional structures, and importantly, the issues Belfast City Council would seek to secure in a future relationship agreement between the UK and the EU. The Brexit Committee should set aside time in April and May to consider these priorities.

These might include:

- Making sure there is alignment between Belfast's economic priorities and future agreements with the European Union, e.g. regional differentiation
- Considering ways in which 'flexible and imaginative solutions' might be applied to Northern Ireland to meet the priorities which Belfast is seeking to achieve (this language was first used by the European Council in relation to Northern Ireland).
- Whether formal structures might be required to ensure effective working relationships with the new institutions and with Councils in Northern Ireland.

5.0 Financial and Resource Implications

None.

**6.0 Equality or Good Relations Implications/
Rural Needs Assessment**

None.”

The Committee agreed that early engagement be made with the Executive Office, through the Brexit Committee Chairperson and the Chief Executive, to understand how the new institutional arrangements would operate, and in particular, how the 'Joint Consultative Working Group on Northern Ireland' would operate.

The Committee also agreed that a report be brought to the June meeting of the Brexit Committee to set out its priorities for engagement with future institutional structures.

Chairperson