

Brexit Committee

Thursday, 3rd December, 2020

MEETING OF BREXIT COMMITTEE HELD REMOTELY VIA MICROSOFT TEAMS

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

In attendance: Mr. J. Walsh, City Solicitor;
Mr. J. Greer, Director of Economic Development;
Ms. K. Walsh, Business Research and Development Manager;
Mrs. C. Sullivan, Policy and Business Development Officer;
Mr. D. Connolly, City Protection Manager;
Mrs. A. Allen, Neighbourhood Services Manager;
Ms. C. Donnelly, Democratic Services Officer; and
Mrs. S. Steele, Democratic Services Officer.

Apologies

An apology for inability to attend was received from Alderman Sandford.

Minutes

The minutes of the meeting of 8th October were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 2nd November.

Declarations of Interest

No declarations of interest were recorded.

Presentations

Presentation from the Northern Ireland Retail Consortium – Aodhan Connolly (Director)

The Chairperson welcomed Mr. A. Connolly from the Northern Ireland Retail Consortium (NIRC) to the meeting.

Mr. Connolly reported that it was likely that there would be a Free Trade Agreement (FTA) before the 31st December deadline, which would be hugely important for Northern Ireland, as arrangements could not be made in advance of the FTA being

**Brexit Committee,
Thursday, 3rd December, 2020**

passed. He pointed out that one of the main issues was that decision making and information was not forthcoming from the Joint Committee on what goods would be at risk and what mitigations would be available to allow Northern Ireland to trade with Great Britain.

He highlighted that the main outstanding issues for Northern Ireland were that, in any case, there would still be a level of customs friction regarding moving of products between Great Britain and Northern Ireland and that would inevitably result in an increase in costs.

He pointed out to Members that over ninety percent of loads coming to Northern Ireland were composite loads, made up of a variety of goods which would result in the requirement of export health certificates incurring additional costs which would particularly affect smaller businesses importing goods.

He referred to the Northern Ireland Business Brexit Working Group that was working to prepare businesses to prevent Northern Ireland from being at an economic disadvantage to Great Britain and the Republic of Ireland, and highlighted that access to labour would become an issue with regard to the agrifood sector, as up to ninety percent of its workforce could consist of EU nationals.

He further added that EU Free Trade Agreements would also be required to maintain certain industries like the dairy industry and that investments would be required for food labelling, which would require time and that the information required on post Brexit food labels had not yet been defined.

He stated that the overall message from the NIRC was that Northern Ireland was not ready and that an adjustment or implementation period of at least six months would be required for Northern Ireland businesses and ultimately impact on the overall population.

In response to a question from a Member regarding a potential implementation period, Mr. Connolly highlighted that there was not enough time for businesses and authorities to implement changes, such as the development of IT programmes and food labelling.

Following further discussion, the Committee thanked Mr. A. Connolly for his presentation and he retired from the meeting.

Update on Shared Prosperity Fund

The City Solicitor and 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

**To update Members on a position paper produced for the
Society of Local Authority Chief Executives in Northern**

Ireland (SOLACE NI), in relation to EU Successor Funding in Northern Ireland and the Shared Prosperity Fund (SPF).

2.0 Recommendations

The Committee is, therefore, asked to:

- a) Note this update on the Ekosgen/SOLACE NI position paper on EU Successor Funding, which published last week.
- b) Members are also asked to promote this work across their political networks supporting the need for a partnership approach, which involves local government, in co-designing and shaping the SPF, which will address local needs.

3.0 Main report

Ekosgen were commissioned in early 2020 by SOLACE NI to undertake a research study to explore the future of EU Successor Funding in Northern Ireland. The purpose of this study was to develop a local government sectoral position, to use as a basis for discussion and influence with central government departments, regarding the local introduction of the SPF.

Alongside the full report which can be accessed via the following link: <https://www.nilga.org/media/2171/241120-final-ni-spf-position-paper-24-november-2020.pdf> a stand-alone Executive Summary (Appendix 1) has been produced. This document sets out the key principles and recommendations identified by local government, and will be used to engage the NI Executive Ministers, MLAs, MPs and relevant departments in terms of the future local design of the SPF.

As the UK has left the EU, the UK Government has begun the process of developing a replacement investment mechanism for the EU Structural Funds. The SPF will address regional disparity and structural economic challenges, and drive innovation, productivity, and sustainable economic development.

Northern Ireland has been a net beneficiary of the EU Structural funds and their impact on economic development has been significant – indeed in Northern Ireland we receive approx. 5% of the total UK allocation, while only representing 2.8% of the population. It is crucial that the spending power provided by EU funding is preserved through the SPF, and that the UK Government respects Northern Ireland's previous

status as a transition area for the purposes of EU funding in this new funding regime. This will ensure that our proportionate allocation of funding will continue and can be concentrated in areas to increase productivity and lessen economic inactivity. Such a commitment would also acknowledge and support Northern Ireland in moving forward as a post-conflict society.

The future scope and operation of the SPF as EU successor funding, will be crucial in shaping the future economic and social prosperity of Northern Ireland – by providing funding to support the foundations of prosperity, and contributing to eliminating inequalities and promoting inclusive growth for our local communities.

Members should note that during engagement with local EU funded delivery organisations, who manage and deliver programmes across our council areas, extreme concern exists regarding the lack of information and engagement undertaken to date in relation to the SPF. However, they were appreciative of the fact that local government are undertaking this work, and engaged them on this critical issue of successor funding.

It is intended to use this paper as a basis for councils having a role with central government in designing the SPF, using a place-based approach, to address local area needs. It is crucial that this new funding regime maintains alignment between the priorities of the NI Executive and those set out in local community plans to ensure that inequalities are being targeted and that local intelligence is used to focus the funding to plans and programmes that are needed.

Members may also be aware that the Chief Executive recently attended an evidence session hosted by the Northern Ireland Affairs Committee on the SPF, on behalf of SOLACE NI and NILGA. It was notable during this session the lack of local consultation and work which has taken place in relation to the SPF in comparison with the other devolved administrations.

During this session the Chief Executive emphasised that for local government and local organisations the regime which is going to succeed EU structural funding is of critical importance. The design of this new funding programme if undertaken in a collaborative way between central government, local government and local delivery organisations, can create a new effective funding regime which will be transformative for our local areas and the region,

**Brexit Committee,
Thursday, 3rd December, 2020**

aligned to the current growth and city deals and other current funding packages.

Principles for a New Approach

The principles identified within the Ekosgen work which are necessary for designing a new approach to funding through the SPF are set out in the table below. These principles should be viewed as an integrated package of measures that work as a whole, rather than a menu of options.

Principles and Recommendations for a New Approach in Northern Ireland	
Principle	Commentary
National Framework	SPF should set a national framework defining <i>high level</i> strategic direction, objectives and priorities and alignment with UK strategies.
Regional and sub-regional priority setting	There must be a commitment and processes at regional level to set strategic priorities. These should be developed in partnership and based on an evidence-based assessment of need. At a sub-regional level, there must be scope to identify and invest in activities that will address local priorities and reflect the local context. This must be an underpinning principle that all stakeholders sign up to. Ownership of sub-regional funded activities should rest with local partners.
Outcomes based	Progress and achievements should be measured as outcomes and impacts, rather than activities and outputs. KPIs should be set that capture progress as well as final outcomes e.g. progress towards employment.
Flexible, single pot	There must be an assumption of trust so that monies can be disbursed with as few restrictions as possible, balanced with the right degree of scrutiny. Monies should be provided in Northern Ireland with no restrictions on capital and revenue allocations or prescriptive allocations by theme. Spend should be based on identified need and a holistic approach covering, for example, investment in skills, business support, infrastructure, innovation and so forth. There should be a strategic approach to spend, combing all available funding sources to maximise value for money. Business support (including social enterprises) should be business-led and include support to invest in the workforce, in equipment, in processes, as well as advice, and specialist business development support.

**Brexit Committee,
Thursday, 3rd December, 2020**

<p>Maximum devolution of management and delivery</p>	<p>Northern Ireland should work towards devolving management and delivery to sub-regions where there is sufficient capacity and capabilities.</p> <p>For some activities, there will be a rationale for clusters of areas and partnerships who could act as intermediate bodies, and a regional approach with flexibility for distinctive local need.</p> <p>Where appropriate, the approaches used successfully through the city and growth deals could be replicated.</p>
<p>Attitude to risk</p>	<p>Being overly risk averse can inhibit impacts and limits the opportunity to test and learn from new and innovative approaches.</p> <p>SPF at UK and regional levels should set an attitude to risk that allows for innovation and moves away from simply funding 'more of the same'.</p>
<p>Fit for purpose systems and processes that are actively used</p>	<p>Management, appraisal, monitoring and verification processes should be fit for purpose, not overly complex and proportionate to the level of funding and scale of activities. They should be used to review and drive performance.</p> <p>Additional layers and processes should not be added over time unless there is a clear rationale and demonstration of added value.</p> <p>Management and monitoring systems and processes should be, as far as possible, harmonised with those of other funds and their activities. This will make for a more efficient use of project management and administration time and generate consistent data.</p>

UK Government update on SPF – November 2020

As part of the spending review announcements last week. The chancellor announced that £220m will be allocated in 2021-22 to help local areas prepare for the introduction of the UK Shared Prosperity Fund.

The Treasury document Spending Review 2020 (SR 20), outlines two portions of the SPF. The first will target “places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities”, and prioritise:

- **investment in people, through initiatives such as work-based training and other local support such as for early years**

- investment in communities and place, “including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity”
- investment for local business, which includes support for “innovation, green and tech adoption, tailored to local needs”.

The funding profile for this portion of the fund will be set out at the next spending review.

A second portion of the SPF will be targeted at “people most in need through bespoke employment and skills programmes that are tailored to local need”. The SR 20 said this would “support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers”.

Further details of the SPF will be set out in a “UK-wide investment framework” which is due to be published in the spring.

4.0 Financial and Resource Implications

There are no financial or resource implications relating to this report.

5.0 Equality or Good Relations Implications/ Rural Needs Assessment

There are no implications relating to this report.”

After discussion, The Committee noted the update and agreed to promote the work across its political networks supporting the need for a partnership approach, involving local government in co-designing and shaping of the Shared Prosperity Fund, which would address local needs.

Following a proposal from a Member, the Committee further agreed to write to the Chancellor of the Exchequer to express that it was in favour of a partnership approach that would include the Northern Ireland Assembly and Local Government, in co-designing and shaping the Shared Prosperity Fund.

Restricted

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.

Update on Brexit Preparedness

The Director of Economic Development, Policy and Business Development Officer, City Protection Manager and Neighbourhood Services Manager presented the Committee with an update on the process to review the readiness of the Council's critical and other key services for the end of the Brexit transition period on 31st December, 2020.

The Committee noted the update.

Update on the Committee for the Executive Office: Brexit Stakeholder Event

The City Solicitor reminded the Committee that, at its October meeting, it had been agreed that the Council accept the invitation from the Committee for the Executive Office, to attend its Brexit stakeholder event which was held on 4th November, and that the Chairperson and the City Solicitor had attended. The purpose of the event was to provide local councils with an opportunity to brief Committee Members on any issues and concerns they might have as a result of the UK's exit from the European Union.

He informed the Members that a report on the evidence received from local councils on the impact of the United Kingdom's exit from the European Union had been published and a copy of the report was available to view at:

<http://www.niassembly.gov.uk/assembly-business/committees/2017-2022/the-executive-office/reports/report-on-the-evidence-received-from-local-councils-on-the-impact-of-the-united-kingdoms-exit-from-the-european-union/#App4>

Members were also advised that Committee for the Executive Office had also agreed the following motion:

“That this Assembly notes the evidence from local councils to the Committee for the Executive Office in its Report on the evidence received from local councils on the impact of the United Kingdom's exit from the European Union (NIA 58/17-22); and calls on the First Minister and deputy First Minister to urge the UK Government to provide clarity on the implementation of the Protocol on Ireland/Northern Ireland to allow local councils to prepare for the post-transition period.”

**Brexit Committee,
Thursday, 3rd December, 2020**

The motion has been tabled in the Assembly Business Office and is expected to appear on the Order Paper week commencing 14 December 2020. Order papers can be viewed on the assembly website through the following link:

<http://www.niassembly.gov.uk/assembly-business/order-papers/session-2020-2021/>

The Committee noted the update provided by the City Solicitor.

Chairperson