



Northern Ireland  
Assembly

Committee for the Executive Office

# Report on the evidence received from local councils on the impact of the United Kingdom's exit from the European Union

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# Powers and Membership

## Powers

The Committee for the Executive Office is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of Strand One of the Belfast Agreement and under Assembly Standing Order No 48. The Committee has a scrutiny, policy development and consultation role with respect to the Executive Office and has a role in the initiation of legislation.

The Committee has power to:

- consider and advise on Departmental budgets and Annual Plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee Stage of relevant primary legislation;
- call for persons and papers;
- initiate enquiries and make reports; and
- consider and advise on matters brought to the Committee by the First Minister and deputy First Minister.

## Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Mr Colin McGrath MLA (Chairperson)
- Mr Doug Beattie MLA (Deputy Chairperson)
- Ms Martina Anderson MLA
- Mr Trevor Clarke MLA
- Mr Trevor Lunn MLA
- Mr George Robinson MLA
- Mr Pat Sheehan MLA
- Ms Emma Sheerin MLA
- Mr Christopher Stalford MLA

<sup>1</sup>  
With effect from 9 March 2020 Ms Martina Anderson replaced Mr Fra McCann

<sup>2</sup>  
With effect from 4 May 2020 Mr Doug Beattie replaced Mr Mike Nesbitt

# Introduction

1. The Committee for the Executive Office has a scrutiny role in relation to cross-cutting issues arising from the United Kingdom's (UK) exit from the European Union (EU).
2. As part of its schedule of scrutiny, the Committee agreed at its meeting on 16 September 2020, to schedule oral evidence sessions with local councils to hear about any issues or concerns they have as a result of the UK's exit from the EU.
3. All eleven councils agreed to provide oral evidence to the Committee.
4. At its meeting on 4 November 2020, the Committee heard from evidence from: Antrim Newtownabbey Borough Council; Belfast City Council; Lisburn and Castlereagh City Council; Mid Ulster District Council; Derry and Strabane District Council; and, Fermanagh and Omagh District Council.
5. At its meeting on 11 November 2020, the Committee heard evidence from: Armagh City, Banbridge and Craigavon Borough Council; Mid and East Antrim Borough Council; Ards and North Down Borough Council; Newry, Mourne and Down District Council; and, Causeway Coast and Glens Borough Council.
6. Each council was represented by one senior official and one political representative. Due to COVID-19 restrictions, evidence sessions were facilitated remotely via StarLeaf.
7. Councils were invited to submit written submissions in advance of the oral evidence sessions and a copy of these can be found at [Appendix 3](#).
8. The Official Reports (Hansards) of the oral evidence sessions can be found at [Appendix 2](#).

# Summary of the Main Issues Raised

9. The United Kingdom's exit from the European Union (Brexit) poses a wide range of fundamental challenges for local government in Northern Ireland, both collectively as a sector and individually as authorities. The challenges are many and complex, and the impact on councils' responsibilities and workloads span both the immediate Brexit transition period and the post-transition period.
10. This report provides a brief summary of the main issues raised by local councils as a result of the UK's exit from the EU. Every issue raised is not rehearsed; a complete picture of the written and oral evidence received can be found in Appendices [2](#) and [3](#).

## Covid

11. Council readiness for the post-transition period has been greatly affected by the current Covid-19 pandemic. The pandemic has placed additional demands on many council resources, the most predominant being environmental health and business support.
12. Councils are now faced with managing the impacts of the pandemic alongside the many challenges associated with the Brexit transition and post-transition periods. Councils are extremely concerned that come 1 January 2021, the already significant financial and other pressures they are currently under because of the pandemic will be intensified. During oral evidence sessions a number of councils referred to the cocktail of Covid-19 and Brexit as "*the perfect storm*".

## Customs and Movement of Goods

13. The considerable uncertainty around the outworkings of the [Protocol on Ireland/Northern Ireland](#) (the Protocol), coupled with the lack of clarity on funding arrangements is proving the main issue for local councils in allowing them to prepare for the end of the transition period.
14. Article 5 of the Protocol (Customs, movement of goods), provides that for any good brought into Northern Ireland from another part of the United Kingdom by direct transport, "no customs duties shall be payable", unless the good "is at risk of subsequently being moved" into the EU "whether by itself or forming part of another good following processing".

15. For goods moving by direct transport into Northern Ireland from outside both the EU and the UK, UK customs duties will be applied unless the good is “at risk of subsequently being moved into the Union whether by itself or following processing”.
16. A decision around the definition of ‘goods at risk’ has been remitted to the Withdrawal Agreement Joint Committee. However, at the time of writing, no decision has been made.
17. The absence of a definition of ‘goods at risk’ is a major issue for local councils in terms of the support they can provide to the business community who look to them for guidance. This issue is addressed in more detail later in the report.

### Agri - Food

18. In its [Command Paper](#) on the implementation of the Protocol, the UK Government recognises that the situation for agri-food movements from Great Britain to Northern Ireland is different to that for other goods. It acknowledges that “some checks will be needed, supported by relevant electronic processes, in line with the island of Ireland’s existing status as a Single Epidemiological Unit.” As such, Northern Ireland will align with the EU sanitary and phytosanitary rules (SPS), including those relating to the placing on the market of agri-food goods.
19. A sanitary and phytosanitary operational delivery programme has been developed to meet the requirements of the Protocol. However, full implementation of the programme is likely to take until June 2021. In the meantime, contingency planning is being progressed to ensure products continue to move into Northern Ireland and food supply security is protected.
20. Agri-food goods subject to controls will have to enter Northern Ireland via ‘designated points of entry’ with prescribed facilities to carry out the checks. Also, agri-food products moving from Northern Ireland to Great Britain for onward travel to the EU will, in some cases, need to be accompanied by additional supporting health documentation. Councils fear the impact of Brexit at local council level will be greater for those councils with a designated point of entry.
21. The process by which controls are conducted, their frequency, and the level of physical checks has yet to be agreed by the Withdrawal Agreement Joint Committee.

22. Councils are particularly concerned about the lack of clarity on the level of checks required to be carried out by their Environmental Health Officers, and the provision of associated long-term funding/cost recovery mechanisms.
23. For example, Antrim and Newtownabbey Borough Council highlighted that:
- “The lack of clarity on the checks required on the movement of such products makes it difficult to estimate with great certainty the demands that may be made on the council’s environmental health service. It is, therefore, essential that the costs incurred by the council are fully funded through cost recovery or government grants.”*
24. Belfast City Council echoed this concern in relation to foods/products coming into Northern Ireland via Belfast Port:
- “It is not believed that new inspection facilities will be ready by January. Even if and when these facilities are built and ready to go, without clarity over the level of checks required by Belfast City Council, we may not have sufficient staffing levels to carry out these checks. Given the degree of uncertainty at this stage, it is essential the funding is flexible and can be up scaled if costs exceed estimates. Clarity is required over longer-term funding.”*
25. A similar concern about inspection facilities was raised by Newry, Mourne and Down District Council. The Council is concerned that if the EU does not agree to the level of required checks *expected* by the Department of Agriculture, Environment and Rural Affairs (DAERA), the planned facilities at Warrenpoint Port will need to be up-scaled.

## Food Labelling

26. Under the Protocol, goods sold in Northern Ireland will continue to follow EU rules for food labelling and there will be changes to labelling that apply from the end of the transition period.
27. Whilst councils recognise that from 1 January 2021, new health and identification marks must be used for products of animal origin, clarity is still required on some other labelling requirements which are subject to the negotiation process; such as if a food businesses address in

Northern Ireland meets the EU requirement of labelling the food with an EU address.

28. Antrim and Newtownabbey Borough Council raised this particular issue during oral evidence:

*“The uncertainty around the process raises question about the resourcing that will be required by businesses and councils to ensure compliance with the scheme and, ultimately, the movement of food products. For some businesses, that will include the printing of labels with new identification marks that would be required to be applied to, and accompany, certain products of animal origin that are placed on the GB, NI, EU and non-EU markets at the end of the transition period. Our businesses are already enquiring if they can start printing labels bearing the identification marks. However, that is not straightforward as, without a negotiated deal in place, those marks might be changed or not required, and the businesses might incur unnecessary printing costs.”*

29. Causeway Coast and Glens Borough Council also raised the issue in relation to future trade agreements:

*“Clarity is sought in relation to measures for the protection of our main Northern Ireland agri-food industry. Northern Ireland agri-food product labelling's requirement for trade agreements is unclear. Concerns have been raised that not all imports will have to meet UK welfare and environmental standards. Our standards are high, and we want those to be maintained.”*

30. UK Government guidance states that:

“In line with previous rule changes for labelling, there will be a proportionate and risk-based enforcement approach for:

- Identification marks;
- Food Business Operator address requirements
- ‘UK (NI)’ origin labelling requirements.”

“The UK Government recognises that businesses will need time to adapt to these new labelling rules and is working with DAERA and councils on an enforcement approach of new labelling requirements on the Northern Ireland market that takes these challenges into account”.



## Fisheries

31. One of the big issues to a new trade deal and a new post-Brexit relationship between the UK and the EU has been the widely differing positions of the two sides on fisheries.
32. Aspects of the treatment of NI-registered vessels, and in particular their exemptions from duties in line with the decision to be reached by the UK-EU Joint Committee, are still subject to discussions between the UK and EU.
33. According to UK Government guidance:  
“All fish, shellfish and their products being moved from Great Britain to Northern Ireland will need to:
  - be pre-notified via TRACES NT in advance of arrival enter Northern Ireland via a designated point of entry
  - be accompanied by an Export Health Certificate
  - be accompanied by catch certificates (if applicable to the species being transported) for each consignment”.
34. At the point of entry, all goods will be subject to documentary and ID checks and a small proportion of goods will be subject to physical checks. Again, the lack of clarity around the level of checks is proving problematic for relevant council areas.
35. With a high number of fish processors in the council area, Newry, Mourne and Down District Council is particularly concerned about any additional resource burden on the Council to provide supporting health attestations to businesses exporting fish and fishery products from Northern Ireland to Great Britain and subsequently for the EU. The Council also pointed out that efficient movement of produce to ports across the border will be essential to ensuring the viability of fish producing in Kilkeel and Ardglass which provide significant employment in the area.
36. Ards and North Down Borough Council outlined some of the uncertainty that exists:  
  
*“... we currently have 78 registered vessels for fishery, with approximately 300 people employed across Portavogie, Bangor and Portaferry. Together with an oyster fishery in Killinchy, there are nine*

*processing establishments, a shellfish dispatch centre and a shellfish purification and dispatch centre. Portavogie fish market is a European-approved fish auction house. There is complexity within the supply chain. In many cases, our environmental health officers may be required to provide evidence for the movement of fishery products from the place of landing in order to allow the supply chain to continue to flow at various stages. Much of the clarity needed will not be possible, however, until final arrangements have been reached with the EU. It also remains unclear whether local fishermen will have exclusive rights to the Irish Sea fisheries, as envisaged, or whether EU boats will still be able to fish those waters.”*

37. Whilst the main focus has been on marine fishing, Mid Ulster District Council highlighted the particular challenges being faced by Lough Neagh fishing:

*“... the struggle of the Lough Neagh eel industry has been recognised by the EU with protected geographical indication (PGI) status, so we need to ensure the protection of that status, the market inwards of glass eels to supplement the natural supply from the Sargasso Sea and exports, as over 80% goes to Holland and Germany.”*

### **Supply Chains and Business Support**

38. A number of councils highlighted that businesses in their area are poorly prepared for Brexit, and as a result, may face supply chain disruption and delays from 1 January 2021. They are particularly concerned that there are no definite contingency arrangements to manage the worst case scenario for borders to ensure that trade is not adversely effected and unnecessary delays are avoided at points of entry.

39. Mid and East Antrim Borough Council raised a serious concern around the free flow of medicines to Northern Ireland. It highlighted that the pharmaceutical supply chain in Northern Ireland is heavily reliant on ‘just in time’ deliveries:

*“Any delay, for example as a result of the newly introduced administrative procedures, would have serious and detrimental impact on the supply of vital medicines to patients. In the context of the Covid-19 pandemic, our concerns regarding this are heightened.”*

40. Many councils felt that the UK Department for Environment, Food and Rural Affairs, DAERA and the Food Standards Agency should work closely with councils to intensify plans to support ‘trader readiness’.
41. Newry, Mourne and Down District Council informed Members that anecdotal evidence would suggest small and medium-sized enterprises in border areas are delaying preparations in dealing with Brexit until more concrete policies are confirmed:  
*“Businesses are grappling to prepare, as the situation could invariably change.”*
42. Armagh City, Banbridge and Craigavon Borough Council mirrored Newry Mourne and Down District Council’s concerns around business preparedness:  
*“For our wider business sector, the limited human and financial resources of small and medium-sized enterprises (SMEs), which are the predominant type of business in our borough, leave us concerned that many have not been able to prepare fully for the changes ahead.”*
43. The general view from councils was that the Protocol needs to be implemented in a way that recognises the unique circumstances in Northern Ireland, and in particular the reliance of its economic model upon fast and efficient supply chains within both the UK and the island of Ireland.
44. All councils expressed concern around the lack of clarity in relation to the level of tariffs and customs checks post-transition. It was recognised that until the definition of ‘goods at risk’ has been agreed, there can be no clarity.
45. A number of councils were unhappy about the level of communication from the Executive in relation to the support that might be required from council Environmental Health Officers and other officers post transition, and associated funding arrangements. The Committee therefore agreed to write to the Executive Office requesting that councils are provided with an update on the position.
46. The Committee also requested that councils be provided with an update on the [Operation Yellowhammer](#) programme of work which is designed to ensure that Government is prepared to mitigate the potential reasonable worst case scenario impacts of Brexit if the UK leaves the EU without a deal.

47. A copy of correspondence to the Executive Office can be found in Appendix 4.
48. On 7 August 2020, the UK Government published guidance for businesses: [Moving Goods under the Northern Ireland Protocol](#). The guidance outlines that, under the Protocol, the UK Government will ensure that:
- “Moving goods from Northern Ireland to Great Britain should take place as it does now** - there will be no additional process, paperwork, or restrictions on Northern Ireland goods moving to Great Britain, delivering unfettered access.
- Changes for goods moving from Great Britain to Northern Ireland will be kept to an absolute minimum** - with a new [Trader Support Service](#), available to all traders at no cost, to be established to provide wraparound support, alongside guidance on the processes for food and agricultural products designed to uphold the longstanding status of the island of Ireland as a single epidemiological unit.
- Trade in goods between Northern Ireland and Ireland, and between Northern Ireland and EU Member States, will continue unaffected**, with no change at the border, no new paperwork, and no tariffs or regulatory checks.
- For trade with the rest of the world, Northern Ireland will benefit from UK FTAs** - ensuring the benefits of those agreements are felt right across the United Kingdom.”
49. The UK Government has stated that there should be no tariffs on trade moving from Great Britain to Northern Ireland and that full use will be made of the provisions in the Protocol for waivers and reimbursement of tariffs. However, this comes with the caveat that full details cannot be provided until the Joint Committee makes a decision on the definition of ‘goods at risk’.
50. To make sure tariffs are not paid on trade within the UK, and goods going to the Republic of Ireland pay tariffs when they should, a number of new administrative processes for traders need to be introduced e.g. new electronic import declaration requirements, and safety and security information, for goods entering Northern Ireland from the rest of the UK.
51. Councils expressed significant concerns about the impact the new administrative processes will have on all traders, regardless of size, and the associated administrative burden. During oral evidence, Ards and

North Down Borough Council highlighted the potential impact on microbusinesses in particular:

*“Over 4,000 businesses in Ards and North Down, representing almost 90% of our total businesses, are microbusinesses. Those businesses will be particularly vulnerable to any significant changes in trading requirements that may come about as a result of Brexit, as they have fewer resources to handle those changes. Invest NI has reported that businesses may have to fill out customs forms, with 31 entries, in order to send goods to the rest of the UK. That paperwork alone could cost up to £55 each time, meaning that our smaller businesses would be disproportionately affected. We are concerned about the impact that that will have on our 526 businesses that are currently trading with Great Britain. If tariffs are to be imposed, we believe that those will have to be paid up front, with refunds then claimed back. We are concerned about cash flow, particularly for our smaller businesses.”*

52. Mid and East Antrim Borough Council expressed specific concern around the time limit for the Trader Support Service which is designed to provide support, and guidance on the new processes for food and agricultural products:

*“A further concern is that the trader support scheme by government is for only two years, and the burden will then be passed directly to the trader to complete the documentation. Additional costs that are associated with checks will put local business at a competitive disadvantage, and we have real concerns about the impact of that. Our business has just gone through COVID, and any additional checks, friction and delays to trade in the internal market would be very concerning”.*

### Cross-border Challenges

53. Cross-border travel and movements between Northern Ireland and Ireland is extensive and, for many people, a systematic feature of everyday life. People make cross-border journeys for a wide variety of reasons including; employment, study, shopping, visiting friends and family, or as tourists.
54. Council areas which border counties in the Republic of Ireland expressed how they face particular challenges in terms of Brexit.
55. For example, the Derry City and Strabane District Council area has a resident population of 151,300 and a wider regional reach of over

350,000. Many residents criss-cross the border on a daily basis to access employment, education, health and retail services. Derry and Strabane District Council emphasised strong connections and daily cross-border movement to neighbouring Donegal:

*“The volume of people crossing the border varies across the three major border-crossing routes of Buncrana Road, Culmore and Strabane in the north-west, but the scale and magnitude of cross-border travel is evident, with Derry and Donegal traffic reaching 300,000 journeys per week in Donegal. 98% of the border crossings are by commuters into Derry and/or Donegal. In fact, over 60% of all cross-border movements between Northern Ireland and the Republic of Ireland take place along those three routes in the Derry City and Strabane District Council area.”*

56. Another example is Fermanagh and Omagh District Council which borders 4 counties in the Republic, has 132 miles of border, and a minimum of 85 border crossings in the council area, with neighbouring counties Donegal, Leitrim, Cavan and Monaghan. The district has 132 miles out of a total of 310 miles of border. That means that approximately 43% of the Northern Ireland / Republic of Ireland land border goes through the Fermanagh and Omagh district.

57. When asked if many farms in the council area straddle the border. Fermanagh and Omagh District Council said:

*“The border runs down the premises of a number of businesses in our district. On one side, they are in the North, and, on the other, they are in the South. That includes yards and everything else. It will be a nightmare. We do not know, and this is the clarity that we need for farmers and businesses. What do they have to do? Do they have to do nothing? Will there be a free trade agreement whereby we do not have tariffs? What is the paperwork? It is a legislative nightmare of paperwork after paperwork.”*

58. Fermanagh and Omagh District Council representatives informed Members that they had written to the Northern Ireland Office outlining specific cross-border and requested a meeting, either in person or remotely, to discuss their concerns. However, Members were told that a meeting was refused:

*“The border is in an inextricable part of our district, and we have received no assurances that the legitimate concerns that we have raised on behalf of our constituents have been progressed or, unfortunately, even taken seriously. We have contacted the NIO a number of times,*

*and it has said that it will not meet face to face or through Webex but will just receive letters from us.”*

59. In response to the evidence received, the Committee wrote to the Secretary of State, The Rt. Hon. Brandon Lewis and Madeleine Alessandria, Permanent Secretary, Northern Ireland Office, to seek their views on the particular challenges being faced by councils with border counties in the Republic of Ireland and to ask why the Northern Ireland Office refused the meeting request from Fermanagh and Omagh District Council. A copy of the correspondence can be found at Appendix 4.

### Waste Management

60. Numerous councils mentioned the practical and legal position of waste shipments entering the EU from the UK in the scenario of a non-negotiated outcome.
61. For example, Mid Ulster District Council has numerous border crossings between south Tyrone and north Monaghan. The district has three major arterial routes, the A5, A4 and A29 that carry all cross-border traffic. The Council expressed concerns that without a Free Trade Agreement, border councils who collect waste from households by moving between Northern Ireland and Republic of Ireland, could be impacted by border crossing points being reduced or curtailed:

*“We are in contract with a number of major waste processors in Northern Ireland. I understand that they have an all-Ireland business; they move waste from the North to the South for various processing arrangements. There is a concern that, in the event of no-deal arrangements, various charges could be applied to the waste transfer process. Obviously, that would fall back on councils.”*

62. Fermanagh and Omagh District Council mirrored Mid Ulster Districts Council’s concerns in relation to the challenges around waste management:

*“Our lorries criss-cross the border every day to collect waste and dispose of it. There is considerable confusion about the mechanisms that will allow that service to continue without impediment from 1 January 2021.”*

63. The majority of councils have Residual Treatment Contracts in place. These contracts involve the export of Refuse Derived Fuel /Solid Recovered Fuel to the Republic of Ireland for treatment. Mid Ulster

District Council fears that costs could be passed on to councils for risks associated with this movement of waste. The following specific concerns were raised:

- Feedstock deterioration due to notification or border delays as Refuse Derived Fuel has a limited storage window before degradation of the bales starts
  - Penalties applied for delays under 'Put or Pay' contracts
  - Currency fluctuations as most Refuse Derived Fuel contracts are agreed in euros.
64. Fermanagh and Omagh District Council also brings animal litter across the border for disposal. During oral evidence, a particular issue in relation to planning applications was raised:
- “Planning applications – not just in our district but in many parts of Northern Ireland – that relate to intensive farm production, as part of their nitrate management plans, rely on the disposal of chicken and pig litter being brought across the border. As we understand it, from 1 January, that may not be allowed, and there is no facility for it to happen safely.”*
65. Causeway Coast and Glens Borough Council added to the chorus of concerns as it also exports a percentage of waste to the EU, including the Republic of Ireland.
66. While the Internal Market Bill recognises that professional qualifications issued in one part of the UK will also be recognised in all parts of the UK without needing to reapply, some councils highlighted the lack of clarity around whether council vehicle drivers who live in the Republic of Ireland, but who work in Northern Ireland, will be able to drive council vehicles on a Republic of Ireland licence. This is one of the many practical concerns for councils.

### **Migrant Workers**

67. Article 3 of the Protocol on Ireland/Northern Ireland maintains the “Common Travel Area” arrangements between the UK and Ireland.
68. There will be no change to the way EU citizens outside the Republic of Ireland prove their right to work in Northern Ireland until 1 January 2021. At that point they will have to provide proof of their right to work.
69. The UK Government’s immigration system will apply to people arriving in the UK from 1 January 2021, requiring EU citizens (other than Irish



citizens) to get a visa in advance. Under a points-based immigration system, anyone coming to the UK for work must meet a specific set of requirements for which they will score points. Visas are then awarded to those who gain enough points.

70. During oral evidence, Derry City and Strabane District Council outlined a particular issue in relation to the potential uprooting of migrant workers:

*“We have had a lot of migration back to home countries: Poland, Lithuania and Portugal. However, a large percentage of people have settled well and integrated well in this area, and we are now seeing second generations of those families. It is unknown how many will travel back. If things get tough and jobs are lost, those families will uproot again and move on.”*

71. Newry, Mourne and Down District Council highlighted that many sectors along the border corridor rely on EU and non-EU migrant labour, with agri-food and fisheries, tourism, manufacturing and service sectors being most reliant on this new labour. Its view, as a border council area, is that skill-based migration and cross-border commuting is vital, expressing during its oral evidence that access to labour and the potential impact on the commute to work is an obvious threat:

*“The proximity of the border will accentuate the issues with the labour market and the movement of people and will present various implications. One stat is that between 30% and 55% of the labour force in the seafood industry is migrant labour.”*

72. Mid Ulster District Council also referred to the issue surrounding migrant workers:

*“We have a large migrant workforce, and those people must have the ability to travel to and from Europe, and beyond, with minimum restrictions. Many are already experiencing issues around passport renewal, travel, visiting relatives and citizenship. We cannot understate the impact of a restricted labour market. We have 10,000 migrant workers. Minimum annual salary levies are going to impact on that supply of labour.”*

73. The new UK immigration system, due to come into force after transition, with its salary threshold of £25,600, will potentially affect the Northern Ireland labour market disproportionately due to the important role EU migrants play in these low paid sectors. Some councils fear that the Republic of Ireland may attain a competitive advantage in hiring these migrants, as it will not adopt this type of immigration system.

74. Skill-based migration and cross-border commuting is vital for the economy in cross-border regions and it was felt that the impact of Brexit could fall disproportionately on the border region.

### Economic Development

75. Newry, Mourne and Down District Council has 40 border crossings including Newry City, which is at the centre of the Belfast to Dublin economic corridor. The Council pointed out that the total cross-border trade for 2018 in the Newry Mourne and Down District Council area amounted to £6.515 billion, with Northern Ireland to Republic of Ireland trade worth £4.169 billion and Republic of Ireland to Northern Ireland trade worth £2.346 billion.
76. During oral evidence Newry, Mourne and Down District Council highlighted the importance of the cross-border market:
- “A higher percentage of businesses in the border region sell into the cross-border market, the EU and GB than in the rest of Northern Ireland or the rest of Ireland. The Republic of Ireland is an important first step to export markets for many small businesses. Following success in the South, SMEs often branch out into other export markets. It is therefore important that there are no bureaucratic or financial barriers to the market in the South of Ireland.”*
77. Services are also a significant part of the economy for the Newry, Mourne and Down District Council area, with cross border services accounting for £3.07 billion in 2018. A smooth transition is therefore key to ensuring that businesses and services along border corridors across council areas continue to trade, grow and develop.
78. As detailed in the Command Paper:
- “The UK Government remains committed to a New Deal for Northern Ireland. That includes appropriate commitments to help boost economic growth and Northern Ireland’s competitiveness, and to support infrastructure and connectivity North-South and East-West.”*
79. With only a matter of weeks remaining until the end of the transition period, councils highlighted that, due to the uncertainty of Brexit and the impact upon the local businesses in terms of markets and skills base, there is a growing concern around what this might mean for locational decisions, or indeed, the long-term future viability of businesses.

## EU Funding

80. Over the current EU funding period (2014-2020) Northern Ireland will benefit from funding totalling approximately €3.6 billion across various programmes from EU Structural Funds and the Common Agricultural Policy (CAP).
81. Following the transition period, the UK will no longer have access to EU Structural Funds. This has been identified by all eleven council areas as a fundamental issue. CAP and Structural Funds will be replaced by domestic replacements i.e. Farm Funding and the Shared Prosperity Fund (SPF) respectively. Peace IV and Interreg VA will be replaced with PEACE PLUS.

82. A number of councils expressed concern about the lack of clarity in relation to the role councils will play in the management of funding schemes and highlighted the potential for job losses. For example, Lisburn and Castlereagh City Council said:

*“It is a big risk and a gap for our communities. Even as we talk about the shared prosperity fund or any replacement through PEACE PLUS, you are possibly talking 12 to 18 months before such a scheme could be up and running. There is a risk that people who have been employed in these projects, and, for us as a council, the project managers and programme officers – we will lose those skills as they seek jobs elsewhere. Even if a new scheme should come on board in 12 months’ time, we may well have lost the skills and experience with which to run something quickly off the back of that. There is a need for that continuity and consistency, and it would really help.”*

83. The new PEACE PLUS programme will build on the work of the current PEACE and INTERREG Programmes, for the 2021-2027 period. The programme will fund activities that promote peace and reconciliation and contribute to the cross-border economic and territorial development of the region. Commitment to this programme and its funding is set out within the Withdrawal Agreement and Political Declaration.

84. A number of councils outlined the positive impact of PEACE funding. Derry City and Strabane District Council told Members about the particular benefits PEACE funding has brought to the Council area:

*“Given how beneficial EU programmes have been in fostering economic growth and safeguarding peace, particularly in the most disadvantaged areas, such as the Derry City and Strabane District council area, and in Donegal, it is critical that Northern Ireland will have continued access,*

*through some agreed mechanism, to European support programmes, such as PEACE PLUS, ERASMUS and any substitutes for the ERDF, by either the UK Government or the EU.”*

85. The Special EU Programmes Body (SEUPB) is working towards carrying out a Statutory Public Consultation when UK/EU negotiations have concluded. Following the consultation period, and allowing for a short period of time to make any required amendments to the programme, it is hoped that a final draft of the programme will be ready in January 2021. It is anticipated that the Programme will be submitted to the European Commission in February 2021.
86. Brexit however has been identified as a potential challenge to the implementation of PEACE PLUS as a whole due to the potential economic downturn and divergence of priorities North and South, implications on partnerships and challenges protecting and repairing relationships post-Brexit.
87. It is important that the development process moves at pace so funding can be delivered to communities that need it most, with councils documenting throughout their evidence, the particular relevance of such funding to deal with the impacts of COVID-19.
88. The UK Government is in the process of developing a Shared Prosperity Fund (SPF) aimed at addressing regional disparity and structural economic challenges, and driving innovation, productivity, and sustainable economic development. SPF will replace EU structural funds. However, very few details about the operation of the SPF have been released.
89. Belfast City Council’s Brexit Committee identified the lack of clarity on the SPF as a crucial issue and highlighted the importance of councils having input into the design of the Fund going forward:

*“Councils should have a role to play and should work in partnership to co-design the way in which the Shared Prosperity Fund is allocated and managed. Priorities should be identified by assessment of need, and there should be alignment of sub regional policies with the Programme for Government.”*
90. Ards and North Down Borough expressed concern that the Fund may not be equivalent (in monetary terms) to the EU funding it has received to date. The Council is also concerned that there is a possibility that the UK Government may wish to use it as a direct funding instrument, rather than using the devolved government to administer and deliver it:

*“We have given our thoughts on how we would like the Shared Prosperity Fund to work, particularly on the level of funding that we believe needs to be in that pot and how the fund needs to be easy to monitor and deliver. We see councils as being the key partner, and that message has come across clearly from all the councils. We are waiting to hear what the Shared Prosperity Fund will be, but we are certainly trying, with our other council colleagues, to lobby for what we would like it to be.”*

91. Officials in the Department of Finance are urgently seeking details of the proposals for the SPF. The Department believes that the Fund represents core spending power for the Northern Ireland Executive and should be fully provided in line with devolved responsibilities.
92. Councils are of the view that there is an urgent need to ensure reduced bureaucracy and a more area-based planning approach to ensure future funds are allocated in such a way that local authorities can target programmes to meet local needs.
93. During questions following the Ministerial Statement to the Assembly on 17 November 2020, on the meeting of the North/South Ministerial Council in special EU programmes sectoral format, the Minister of Finance indicated that he was content to meet with the 11 local councils to try to ease some of their financial concerns around future EU funding.
94. The Committee for the Executive Office wrote to Minister of Finance on 19 November 2020, to formally request that he meet with councils on this issue as soon as possible. A copy of the correspondence can be found at Appendix 4.

## Tourism

95. While entry requirements to Northern Ireland are not a direct concern for councils, the impact this might have on tourism across council areas in Northern Ireland, and tourism growth, is a key concern.
96. For example, during oral evidence Fermanagh and Omagh District Council expressed particular concern about the products offered on a cross-border basis:

*“A particular concern of our tourism sector is that, currently, much of our product is offered on a cross-border basis. Fermanagh Lakelands work closely with Cavan, obviously, and, with the Shannon-Erne water*

*system, we work closely with Donegal County council on accessing the Wild Atlantic Way. Our natural hinterland is cross-border.”*

*“As many of you will be aware, we operate the Marble Arch Caves Global Geopark, which is a joint project that we manage with our colleagues in Cavan County Council. It was, and to some extent remains, the first international geopark in the world. We are particularly concerned about the perception of a border or difficulties from a tourism perspective.”*

97. Fermanagh and Omagh District Council also had questions in relation to EU visitors travelling by boat to council owned marinas and whether they will require any additional security checks or passport control measures from 1 January 2021.

98. In its written evidence, Newry, Mourne and Down District Council detailed how tourism was worth £61m in 2016 in the local area. However, it articulated the view that given the cross-border flow of tourists it could be adversely impacted because of the perceptions of difficulties in crossing the border:

*“Tourism is a major contributor to the local economy. The concern for us has always been freedom of movement to ensure that we can have visitors crossing the border seamlessly. There has always been a drive from the Newry, Mourne and Down District Council perspective, in simple terms, to have people turn left when they come out of Dublin Airport. Any decisions regarding Brexit and how we handle that transition across the border need to remain seamless to ensure that we do not suffer major impacts on those coming to visit the area. Freedom of movement is a concern for us.”*

99. Ards and North Down Borough Council also raised concerns around the potential impact on tourism:

*“There remain lot of issues connected with travel between Northern Ireland, the Republic of Ireland, Great Britain and further afield. For example, what impact will the travel arrangements have on those wanting to fly into Dublin and out of Belfast or vice versa? Depending on the outcome, there may be a negative impact on the tourism industry. That is very worrying, given that Ards and North Down Borough Council relies more heavily on the tourism and hospitality sector than any other council area. Some 14% of the jobs in our borough are dependent on the sector.”*

100. Consistent with the arrangements set out in Articles 5 to 10, and in full respect of Union law, the Protocol states that it shall be implemented

and applied to maintain the necessary conditions for continued North-South cooperation, including areas such as tourism.

101. Ards and North Down Borough Council raised a number of issues that require clarity such as whether people travelling from abroad need a United Kingdom and Irish visa; even if travelling from within the EU. A number of other councils also queried paperwork requirements for car hire, driving licences and car insurance for cross-border movement.
102. Belfast City Council informed Members that it relies significantly on the sub sector of business tourism. Belfast City Council recognised this through its £29 million investment in the Belfast International Convention Centre:

*“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 to four years ahead, the industry reported that event organisers were concerned about the lack of certainty around what that would mean for hosting an event in the UK. As a result, the city lost out on quite an amount of business. The visitor economy sustains around 18,000 jobs in Belfast, and any developments that put that in jeopardy will have a significant impact on the local economy. It is important that we seek to re-establish our position in that market.”*

103. Causeway Coast and Glens Borough Council also highlighted how it depends significantly on its tourist trade, in particular through hosting key high profile sporting events:

*“The Causeway Coast and Glens depends significantly on tourist trade. A number of issues and concerns have been raised by the local tourism industry.”*

*“Long term, the international market concerns us, because part of the hospitality sector depends on the international market. For example, the Giant's Causeway world heritage site depends on the international market. That has a knock-on effect on some of our small businesses such as coach tour operators, who depend on international visitors.”*

104. Armagh City, Banbridge and Craigavon Borough Council expressed particular concern in relation to restrictions and the movement of people:

*“Any restrictions on the movement of people could have a catastrophic impact on our growing tourism sector. The significant investment in the Linen Mill Studios' licensed studio tour of the 'Game of Thrones' franchise, along with the existing tourism appeal of the ecclesiastical city*

*of Armagh and our unique orchards, mean that local businesses and communities have a growing reliance on this sector.”*

105. Councils emphasised that tourism businesses are an important part of their economy and called for measures to be introduced to encourage tourists to travel to Northern Ireland and dispel any perceived difficulties around the border and travel restrictions.



# Motion

At its meeting on 25 November 2020, the Committee for the Executive Office agreed to table the following motion for debate in the Assembly:

*That this Assembly notes the evidence from local councils within the Committee for the Executive Office 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.*

The date for the debate will be agreed by the Business Committee in due course.

# Links to Appendices

## Appendix 1

### Minutes of Proceedings

Links to Minutes of Proceedings can be viewed *here*

- *16 September 2020*
- *4 November 2020*
- *11 November 2020*
- *25 November 2020*

## Appendix 2

### Minutes of Evidence

Date of Evidence Session	Council Area
4 November 2020	<i>Antrim and Newtownabbey Borough Council</i>
4 November 2020	<i>Belfast City Council</i>
4 November 2020	<i>Lisburn and Castlereagh City Council</i>
4 November 2020	<i>Mid Ulster District Council</i>
4 November 2020	<i>Derry City and Strabane District Council</i>
4 November 2020	<i>Fermanagh and Omagh District Council</i>
11 November 2020	<i>Armagh City, Banbridge and Craigavon Borough Council</i>
11 November 2020	<i>Mid and East Antrim Borough Council</i>
11 November 2020	<i>Ards and North Down Borough Council</i>
11 November 2020	<i>Newry, Mourne and Down District Council</i>
11 November 2020	<i>Causeway Coast and Glens Borough Council</i>

## Appendix 3

### List of Written Submissions

No.	Council
1.	<i>Antrim and Newtownabbey Borough Council</i>
2.	<i>Belfast City Council</i>
3.	<i>Lisburn and Castlereagh City Council</i>
4.	<i>Mid Ulster District Council</i>
5.	<i>Derry City and Strabane District Council</i>
6.	<i>Fermanagh and Omagh District Council</i>
7.	<i>Armagh City, Banbridge and Craigavon Borough Council</i>
8.	<i>Mid and East Antrim Borough Council</i>
9.	<i>Ards and North Down Borough Council</i>
10.	<i>Newry, Mourne and Down District Council</i>
11.	<i>Causeway Coast and Glens Borough Council</i>

## Appendix 4

### Other Documents relating to the report

Date	Document
9 November 2020	<i>Correspondence: Committee for the Executive Office to Secretary of State the Rt. Hon Brandon Lewis</i>
9 November 2020	<i>Correspondence: Committee for the Executive Office to Permanent Secretary, Northern Ireland Office</i>
9 November 2020	<i>Correspondence: Committee for the Executive Office to the Executive Office</i>
11 November 2020	<i>Correspondence: Committee for the Executive Office to the Minister of Finance</i>

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