



Northern Ireland
Assembly

Committee for The Executive Office

OFFICIAL REPORT (Hansard)

Brexit: Ards and North Down Borough Council

11 November 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

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

Witnesses:

Councillor Trevor Cummings	Ards and North Down Borough Council
Ms Susie McCullough	Ards and North Down Borough Council

The Chairperson (Mr McGrath): We welcome Councillor Trevor Cummings, who is the Mayor of Ards and North Down Borough Council, and Ms Susie McCullough, who is the council's director of regeneration, development and planning. You are both very welcome. We give you points for one of the best backdrops that we have seen so far during these briefings *[Laughter.]*

Mr Stalford: It is Bangor Castle.

The Chairperson (Mr McGrath): I am told that it is Bangor Castle. It looks very well.

We will hand over to you to give a short presentation, after which we will ask some questions.

Councillor Trevor Cummings (Ards and North Down Borough Council): Thank you very much, Chair and Committee members, for giving us the opportunity to participate in the evidence sessions.

We listened intently to the two briefings that you have already received today and heard the evidence that you received from six other councils last week. It is clear that a lot of common themes run through the presentations, and we welcome the fact that you have committed to preparing a report on the back of the evidence sessions and bringing the concerns of local government to the attention of the Executive and the UK Government.

Perhaps the most worrying thing evident in all the presentations is that, despite our being only 50 days away from the end of the transition period, so much uncertainty remains. I acknowledge that many of the unknowns associated with EU exit will emerge in the long term and are difficult to predict. For example, the impacts on the economy and population demographics are very difficult to determine. Many decisions are in the gift of political leaders to resolve, but time is running out.

You will not be surprised to hear that one particular concern is the operation of the Northern Ireland protocol, which has been referred to previously. The lack of agreement and clarity and the position that it has put businesses in is notable, particularly as those businesses are set to make preparations for administration and costs that may arise out of a trade deal and to meet EU product standard requirements. It also puts the council in a difficult position, in that we are unable to offer advice and support to our business. We have a solid and very good relationship with our local businesses and keep in touch with them, but we are not in a position to offer them the guidance that they seek at the moment. That makes it difficult for us to plan. Of particular note is the impact on our environmental health department, which requires particular guidance on a lot of issues.

Another of our concerns relates to European standards for produce. For example, we are very proud in this borough of the local Comber potatoes. They obtained EU protected geographical indication (PGI) status, which not only protected the product but served as a very profitable platform through which to market very worthwhile produce. We are concerned that an EU exit will remove that status from us and from growers. The agri-food sector in particular would feel the impact of that. We have enjoyed annual festivals that celebrate that status, and the platform continues. That reward and endorsement of success is celebrated and valued greatly.

On that point, I also refer to the European entrepreneurial region (EER) status that was secured in 2015. That project also focuses on small- to medium-sized enterprises. As a borough council, we benefited from it, and we demonstrated a very effective working relationship with not just the Northern Ireland Local Government Association (NILGA) and Invest NI but all the businesses in the borough. That was an opportunity to profile young entrepreneurs, particularly those engaged in start-ups.

To have all that uncertainty running in parallel with COVID-19 has put a huge strain on businesses and on council resources, and, as we have noticed over recent months, the situation is unprecedented. Dealing with the consequences, whatever they may be, of EU exit and continuing to support our communities and businesses is a challenge to which the council will rise. I am immensely proud of the manner in which we have responded to the COVID-19 pandemic. At the outset, we developed and implemented a community response plan that included offering signposting and support to vulnerable people, to whom we have been able to deliver over 5,000 food parcels over the past few months. We have administered and distributed COVID-19 funding and support from the Department for Communities to local community groups.

Our economic development team quickly developed an emergency business support plan to support and provide signposting to businesses in that period. Moreover, it proactively engaged on a one-to-one basis with over 1,000 business and online with over 2,000 businesses. The council has a very strong link with communities and businesses at the grassroots level, and the principle of subsidiarity is very much realised in the local government area.

In a time of crisis, we are an institution that people turn to for help and support. We have strengthened our lobbying abilities as a result of COVID. In doing so, we have worked closely across the councils and with Departments. For example, the achievements of securing funding for local government have shown that, together, we are stronger and work very effectively. The resolve shown by this council, and, indeed, all 11 councils across Northern Ireland, will be channelled into assisting our communities and businesses to face the challenges that are brought about by EU exit. We can do that only if we have certainty on the framework within which we are going to operate.

I will now turn to the written briefing that the council submitted in advance of today's meeting. You will see that we have highlighted our key areas of concern about the EU exit. Rather than provide a detailed narrative, a considerable amount of the content poses questions. I appreciate that a lot of the answers are beyond the remit of the Committee. Rather than rehearse the entire paper, especially as it covers the same ground that has been covered previously, I will hand over to my colleague, Susie McCullough, to pick up on those points and to provide you with some of the context for where we stand on delivery in the borough.

Ms Susie McCullough (Ards and North Down Borough Council): Thank you, Mr Mayor.

I will now give you some facts and statistics specifically for the Ards and North Down Borough Council area that relate to Brexit. Across the borough, there is a diverse range of businesses, particularly in the agriculture, forestry and fishery industries. We have over 600 businesses in those fields. As you know, depending on the trade requirements that could be brought in by the EU exit, those industries could be the hardest hit. For example, 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 (EHOs) 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.

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.

There remain a 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. That is the highest percentage across all 11 councils. We have, for example, 355 hospitality businesses, and that sector has already been hardest hit by the COVID pandemic. Those businesses alone provide 4,000 people with jobs. The current context of uncertainty appears to have had a negative impact, according to the Tourism NI chief executive. When he briefed the Economy Committee back in February, he said that, because of Brexit, there had already been a fall in the number of French and German tourists coming to Northern Ireland.

Ards and North Down has also benefited significantly from EU funding. We have four European social fund (ESF) projects in the borough, which amount to £14.8 million, and 16 projects that are benefiting from European regional development programme (ERDF) funding, which amount to £2.43 million of grants. That includes our council-run Shine programme, which is our principal business support programme aimed at supporting microbusinesses and small enterprises. Some £4.93 million of funding is going out into the borough through our rural development programme, of which £1.33 million is coming directly from Europe. That £4.93 million includes £800,000 from the rural business investment scheme, which has benefited 31 businesses in the borough. We are also awaiting confirmation of a potential grant that we have submitted to the South East Area Fisheries Local Action Group (SEA FLAG) for an additional £85,000. We have also received £3.3 million in Peace funding since 2016, and we are pleased that the future funding for PEACE PLUS has been secured. We are working to influence how that money will be allocated. We are keen, however, to have clarity on how the Shared Prosperity Fund (SPF) will be administered. In total, Ards and North Down Borough Council has secured in the region of £22 million in EU funding, all of which has been administered to help support our businesses and communities.

As has been highlighted in our written paper, given the additional demands already placed on our councils' environmental health departments as a consequence of COVID-19 regulations, it is imperative that any additional roles and responsibilities allocated as a result of the EU exit are reasonable and realistic, agreed in consultation with councils and fully funded by government. As part of our preparation for EU exit, we employed one additional environmental health officer. That post was funded by the Office for Product Safety and Standards (OPSS), and it enabled us to carry out effective market surveillance of non-food consumer goods. The funding available is up to £55,000 a council, but it has to be spent by 31 March 2021. Although we very much welcome the offer, we believe that market surveillance will need to carry on beyond March, so additional funding would be welcome. We believe that we will need to recruit an additional three environmental health officers, depending on any outworkings of the UK-EU agreement. There is a shortage of suitably qualified EHOs, however, so recruitment may be difficult.

In conclusion, our asks are these: first, that decisions be made and clarity provided on the Northern Ireland protocol and trade arrangements so that our businesses and borough can start preparing and so that the council can equip itself with the knowledge to support businesses through the process; secondly, that consideration of funding models be prioritised, as withdrawal of EU funding without a suitable replacement will have a direct impact on businesses and communities; and, finally, that any additional roles and responsibilities allocated to councils as a result of the EU exit be reasonable and realistic, agreed in consultation with councils and fully funded by government.

The Chairperson (Mr McGrath): Thank you very much for that presentation. I will take two questions. Pat Sheehan is first.

Mr Sheehan: Thanks for your presentation. Has any calculation or estimate been done of what EU funding your council area is going to lose? What damage in monetary terms will be done to the tourism industry in your council area?

Ms McCullough: As I outlined in my presentation, we have £22 million of EU funding secured to go out to our communities and businesses. We are working extremely hard, particularly through the Society of Local Authority Chief Executives (SOLACE) and the Northern Ireland Local Government Association (NILGA) to influence the Shared Prosperity Fund and through the East Border Region (EBR) on PEACE PLUS. That will have a significant impact. We have a best-, worst- and middle-case scenario for Brexit and COVID-19 and what they could mean for the amount of domestic and non-domestic rates that could be lost to the borough. Our middle-case scenario is currently running at the council losing about £2 million in rates. Ultimately, there would be the negative impact of the loss of jobs and businesses. As I outlined in the presentation, we are extremely worried that our agri-food, fishery, and tourism and hospitality businesses will be worst hit by both Brexit and COVID-19. It comes as a double blow to them.

Mr Sheehan: Sorry, but I just want to follow up on that with a quick question on overall European funding in the council area, such as agricultural payments. Has any calculation been done on that? Do you have any definitive information on the Shared Prosperity Fund and how it will be shared out?

Ms McCullough: The £22 million is specifically money that the council has and has put out through various schemes. We have not done a calculation, because lots of other EU money goes out through DAERA, for example. We have the calculations for how much money we received in from, for example, East Border Region and other schemes. I do not have that information to hand, but we can certainly provide 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. You may know more than we know, however.

Mr Sheehan: You must be joking [*Laughter.*]

The Chairperson (Mr McGrath): It needs to happen.

Mr Lunn: Thanks for the presentation. You commented on the fishing industry. I understand your concerns. You have 78 boats and 300 people directly employed there, plus there is the processing side. It is a major concern for Ards and North Down. Your report states:

"the majority of the fish products fished on our coast are currently exported to countries like France, Portugal and Spain."

I want to clarify that in my head. Do the 78 boats that you are talking about land their catch in their home port or do they take it directly to the Continent? You say that the fish are largely exported to France, Portugal and Spain. If those boats land their catch in their home port, is it then exported across the border and on through to the Continent? What is the process?

Of all the promises that have been made, the one involving fishing and the exclusive right of British fishermen to fish their own waters to the exclusion of everybody else is the most unrealistic promise

that I have heard in the whole sequence of promises. Will you explain to me the export chain? Who catches the fish and where does it go?

Ms McCullough: I will certainly give it a go. It is extremely complicated. I had a whole section on that that I was going to give the Committee, but I cut it out. Sometimes the boats land their catch in Portavogie and sometimes they land it in other, smaller harbours. Although Portavogie is a European-approved fish auction house, most of the landings go down to Kilkeel, which tends to be the main auction house now. The fish are then dispatched.

As you said, most of the fish products go to Europe. They go out via various markets, with some going via the Republic of Ireland and some via GB. That is our biggest challenge. Our environmental health officers are working closely with colleagues in the fishery and in central government, but we struggle to get the knowledge and information that we need in order to know how the supply chain will continue. Those products quite often come back to Northern Ireland. They may go out, have something done to them and then come back in. It is a very complicated supply chain.

It is fresh produce, so timelines are also key. We need clarity on how we are going to move the fish products easily throughout the chain and on what our role will be. We suspect that we will have a role, particularly around evidence of the moving of those fish products, because they can move a lot before they get to their final destination. The process is extremely complicated, and I do not think that the answers have been provided yet.

Mr Lunn: Thanks for that. It seems unlikely that, if our fishermen have exclusive rights to our own waters that, to put it bluntly, Europe will not retaliate in some way. Our fishermen then may not have access to those export markets quite as readily as they do at the moment. That is my worry. I do not expect you to respond to that.

The Chairperson (Mr McGrath): We should highlight the fact that, if they are very lucky, the fish get to go to Ardglass. I have to point out that it is the elite fish that get to come to that wonderful part of the world.

Mr Lunn: It is the same problem.

The Chairperson (Mr McGrath): Thank you very much, Trevor and Susie, for coming along and giving us your presentation. We appreciate it. We will incorporate your views into the report and future actions that we carry out as a result of these discussions. I thank you again for coming along and making your time available today.