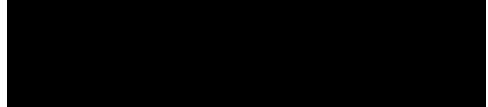




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**Marie Austin
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7 December 2020

Dear Marie

TEO COMMITTEE – EU FUNDING PROGRAMMES/PARTICIPATION IN EU PROGRAMMES IN THE FUTURE

An oral evidence session in relation to EU funding programmes and participation in EU programmes in the future has been scheduled for 9 December 2020. The attached paper provides written briefing ahead of the oral evidence session.

Yours sincerely

Yours sincerely



Assembly Section

EU FUNDING UPDATE:

CURRENT POSITION FOLLOWING SPENDING REVIEW

Shared Prosperity Fund

1. There remains little clarity around the operations of the Shared Prosperity Fund (SPF).
2. At the Spending Review on 25th October the Chancellor set out plans for a centralised SPF, delivered using the financial assistance powers in the draft Internal Market Bill and operated centrally by UK Government on priorities that reflect English levelling up issues and against which spending will be targeted.
3. On quantum, the Chancellor failed to commit to fully replacing the funding that we received from EU sources, rather he suggested that the funding levels would ramp up over time until they eventually represented full replacement of the EU income. But he did not repeat this commitment for the individual devolved areas. This remains to be seen and we are seeking clarification.
4. In questioning after delivering his statement, the Chancellor also suggested that tails of EU receipts would be netted off against future funding. The Finance Minister and Department of Finance officials have repeatedly indicated to the Treasury that this approach is unacceptable as it effectively represents a reduction in funding for Northern Ireland by applying what are effectively accrued receipts for the 2014-2020 period against the post 2020 period.
5. Both the limited quantum and the tails issue will lead to a substantial reduction in spending power for the Executive.
6. The timing for the implementation of this fund is also unclear. The Spending Review document set out that the spending profile will not be set until the next Spending Review but that interim funding for “Pilot Projects” will be available in the New Year meaning the full fund will not be operational until 2022-23 and we will effectively lose spending power of around £70m for 2021-22. This will add significantly to our pressures.

PEACE Plus

7. Following extensive analysis of all the information gathered from Department meetings, stakeholder events and survey responses, SEUPB submitted a high level outline Programme to DoF and DPER in June 2020, which contained six key thematic areas for possible interventions. This initial draft programme schema was endorsed by Irish Government officials in July and then by the Executive on 6th August, with provision for SEUPB to continue to the next stage in the development process.
8. The DoF Minister has continued to emphasise to SEUPB the need to ensure that peace building remains at the core of Peace PLUS and that it is vitally important that community organisations are involved at all stages of development and implementation and that the needs of communities in the border areas are recognised and addressed. As programme development progresses, SEUPB are paying particular attention to developing proposals that facilitate and support community led involvement and they are engaging with those smaller type community groups who may have previously struggled to get involved or were unwilling to participate in previous Peace programmes.
9. Development of the programme by SEUPB has progressed well with an expectation that the programme will be finalised and agreed the Executive to open in early 2021.
10. This date is now unlikely to be met as the EU is yet to agree the Multi-annual financial framework and hence to confirm their allocation to the PEACE Plus Programme. The EU also has yet to agree the regulations for all EU Structural Fund Programmes and without these with we cannot finalise the programme as the governance structures will be unknown. We understand that February is the earliest that this might happen.
11. The Irish government has indicated that it is considering allocating an additional amount from their funds to this programme and it will be for the UK Government, the EU Commission and The Executive to consider how they will respond to this.

Agricultural Funding

12. The position on Agriculture is one where the main elements covering farm support have been largely replaced. The exception is the Rural Development Programme (RDP) tails receipts issue, had we remained in the EU there would be no netting off of EU receipt tails, this is effectively a loss for NI.
13. DAERA estimate this loss at approximately £14m in total for farm funding for 2021, £34m over 3 years.

Fisheries

14. The spending review announced £3 million to support fisheries in Northern Ireland. DAERA is content with the allocation as under EMFF, it received a percentage (10%) of the UK total pot which was significantly higher than that which would have been received through the Barnett Consequential or through, for example, the number of registered fishing vessels compared to other UK administrations. The allocation is consistent with spend within NI under the current EMFF Funding Programme

Erasmus +

15. Funding to prepare for a UK-wide domestic alternative to Erasmus+, in the event that the UK no longer participates in Erasmus+, to fund outward global education mobilities. Inward mobilities are not included, which would be of benefit here. Further details are promised in due course.

Horizon

16. The Spending Review states that the negotiations over the future relationship with the EU, including Horizon, are still ongoing.

CEF (Connecting Europe Facility)

17. The British government did not seek to participate in this EU programme. However, I understand they are launching a new levelling up fund worth up to £4 Billion to England, attracting up to £0.8 Billion divided amongst the DAs in the usual way. This is not directly linked in the SR to replacement of the CEF but the English programme is focused on CEF type infrastructure activities.

The EU Health Programme

18. This programme has not been replaced and the UK government did not seek participation in this programme.

COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises)

19. DfE have been previously advised that following EU Exit, BEIS/Innovate UK has said that it will continue to fund Invest NI the EEN 100% just as before with BEIS/Innovate UK making up the shortfall of EU Funding.